Santander UK Group Holdings plc

Investor Update

for the six months ended 30 June 2023

July 2023

Santander

Q2 23 Financial Highlights

£1,173m
Profit before tax
(H1 22: £993m)

2.21%
Banking NIM
(H1 22: 2.03%)

46%
Cost-to-income ratio
(H1 22: 49%)

1.38%
Stage 3 ratio
(2022: 1.24%)

15.4%
CET1 Capital ratio
(2022: 15.2%)

5.3%
UK leverage ratio
(2022: 5.2%)

112%
LDR
(2022: 113%)

160%
Holdco LCR
(2022: 163%)

Note: See appendix for list of abbreviations

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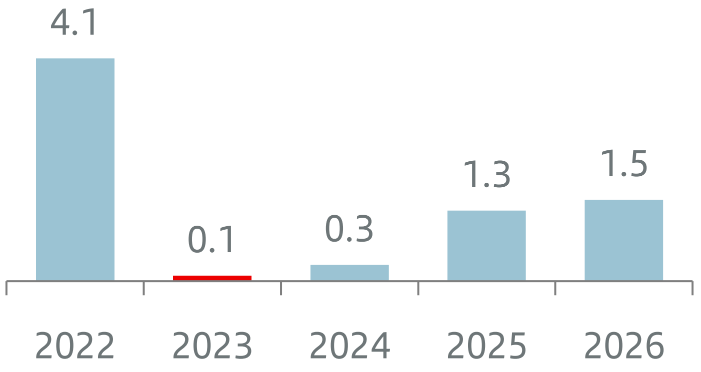
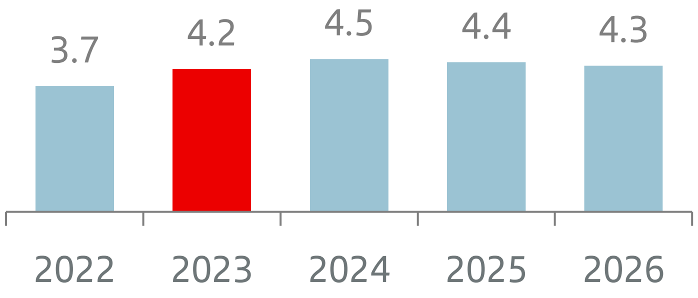
UK economic outlook remains uncertain

- Inflation set to remain well above 2% target in 2023
- Inflation is likely to reduce consumer spending further
- The challenges faced by households and businesses are expected to continue through 2023

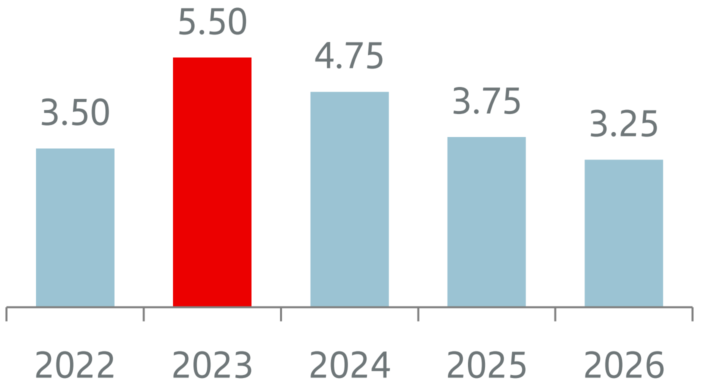
GDP[1] (%)



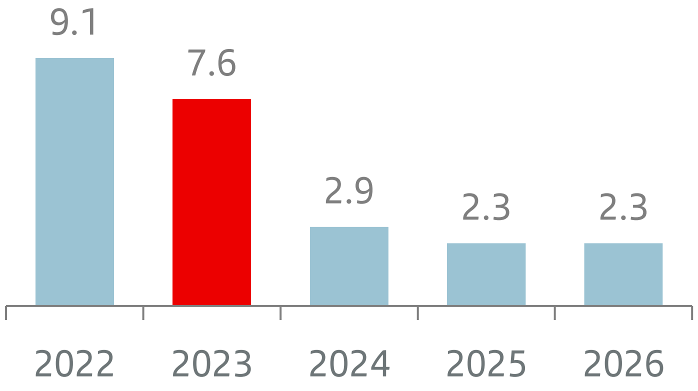
Unemployment[2] (%)



Base rate[2] (%)



CPI[3] (%)

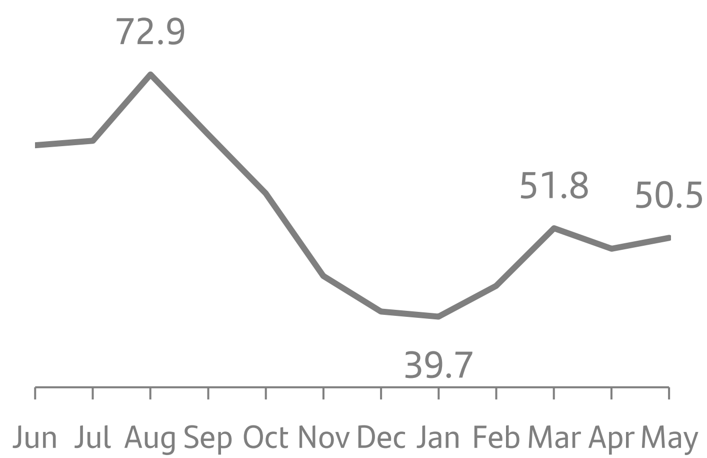


Note: Santander UK base case.
1. Calendar year annual growth rate.
2. At 31 December for each period.
3. Consumer Price Index. Annual average.

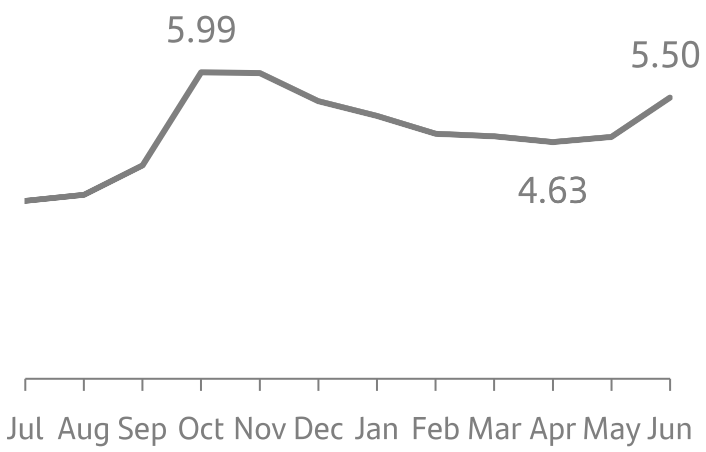
Housing market update

- Housing market has continued to slow in the first half of 2023 with rising mortgage rates and cost of living pressures
- We expect further declines in house prices in the second half of 2023

Approvals for House Purchases ('000)[1]



Quoted Mortgage Rates (% 2Y fixed)[2]



Halifax HPI[3]

1. United Kingdom, Deposits & Loans, All Institutions, Loans, By Type, Number of Total Sterling Approvals for House Purchase to Individuals, SA.
2. United Kingdom, Mortgage Lending Rates, Interest Rate of UK Monetary Financial Institutions (Excluding Central Bank) Sterling 2 Year (75% LTV) Fixed Rate Mortgage to Households.
3. Halifax HPI Data Rebased at 1998. Santander UK forecast shown in red.
4. 7% decrease for 2023 is San UK latest HPI forecast.

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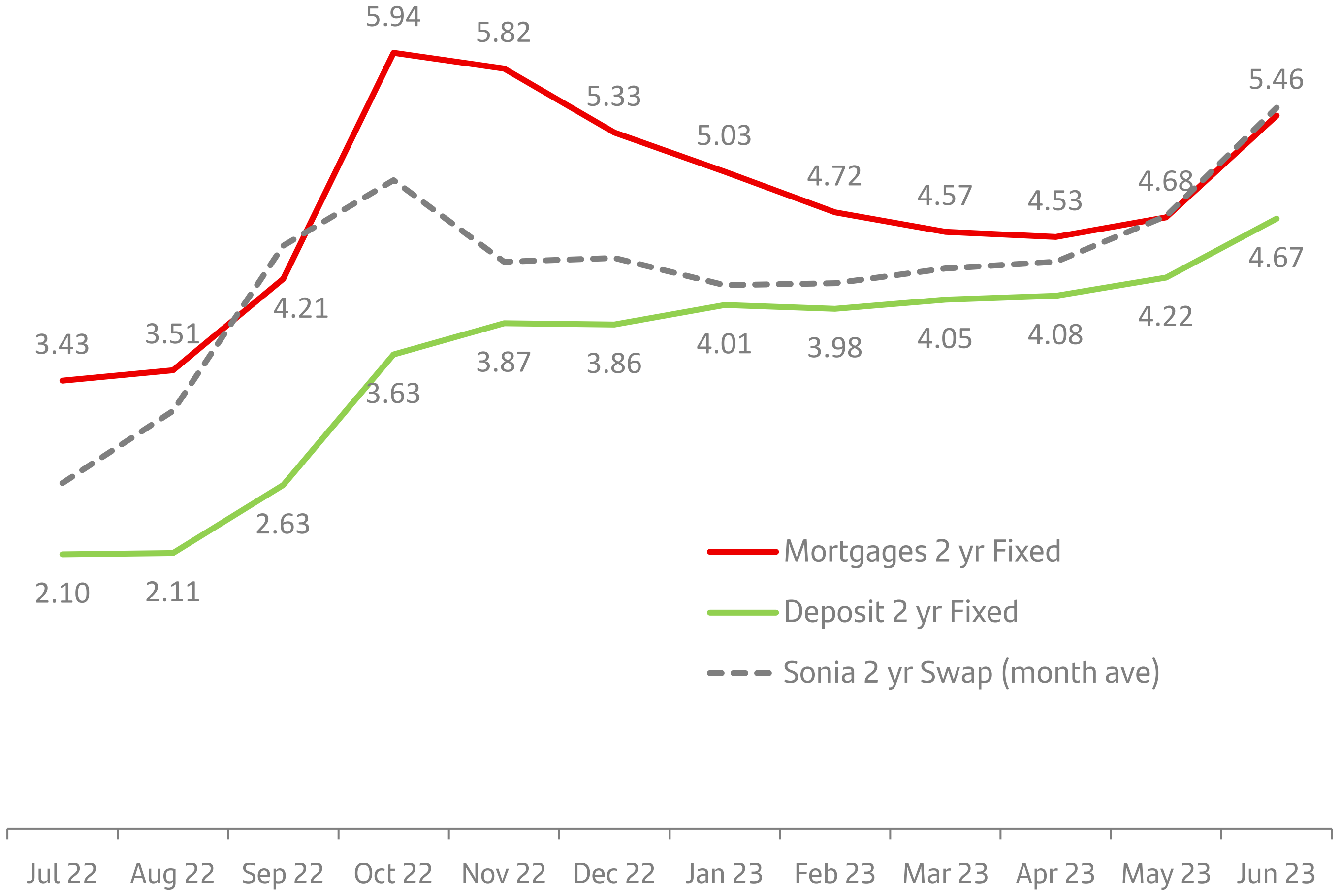
Compressed new business margins following sharp increase in policy rate

- Expectations for base rate increases increased sharply in late 2022 and again in Q2 23
- New business rates for mortgages have risen in Q2 23 but margins remain tight
- Term deposit acquisition rates have continued to rise steadily
- Competition for deposits has intensified and funding costs have risen notably

1. Source: Bank of England. United Kingdom, Mortgage Lending Rates, Interest Rate of UK Monetary Financial Institutions (Excluding Central Bank) Sterling 2 Year (60% LTV). Deposit 2-year Fixed source Bank of England Quoted Interest Rates (Jun 23) from the Statistical Interactive Database - interest and exchange rates data.

Quoted market interest rates (%)[1]



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Good results with higher operating income

- Net interest income improved largely due to the impact of higher base rates
- Operating expenses increased largely due to inflation, mitigated by efficiency savings
- Credit impairment decreased with no material deterioration in the credit quality of the portfolios
- Provisions increased largely due to higher transformation programme charges

1. Operating expenses is before credit impairment charges/ write-backs, provisions and charges.
2. Provisions is for other liabilities and charges.
3. Profit from continuing operations.
4. Non IFRS measure. See Appendix 1 of QMS for details and a reconciliation of adjusted metrics to the nearest IFRS measure.

Summarised consolidated income statement H1 23 vs H1 22

	Statutory H1 23 £m	Change to H1 22	Adjusted[4] H1 23 £m	Change to H1 22
Total operating income	2,658	*10%*	2,655	*10%*
Operating expenses[1]	(1,232)	*4%*	(1,167)	*6%*
Credit impairment losses	(105)	*-11%*	(105)	*-11%*
Provisions[2]	(148)	*25%*	(113)	*6%*
Profit before tax[3]	**1,173**	***18%***	**1,270**	***16%***

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Improved returns with strong capital and liquidity

- CET1 capital ratio increased largely due to higher profit
- Term duration in the LCR eligible liquidity pool is hedged with swaps to offset mark to market movements from interest rate changes
- CoR down with low Stage 3 ratio and arrears
- Adjusted RoTE improved reflecting increased income partly offset by higher costs and provisions

	2019	2020	2021	2022	H1 23
CET1 capital ratio (%)	14.3	15.2	15.9	15.2	15.4
Leverage ratio (%)	4.7	5.1	5.2	5.2	5.3
LCR (%)[1]	142	150	166	163	160
Banking NIM (%)[2]	1.64	1.63	1.92	2.06	2.21
Adjusted CIR (%)[2, 3]	60	61	51	44	44
Cost of risk (bps)	11	31	(11)	15	14
Adjusted RoTE (%)[2]	7.8	4.3	13.2	14.1	15.8
Stage 3 ratio (%)	1.15	1.42	1.43	1.24	1.38

1. Liquidity metrics reported for Santander UK, our Holding Company, following adoption of CRR2 regulation from 2022.
2. Non IFRS measure. See Appendix 1 of QMS for each year for details.
3. Following a change in treatment of operating lease depreciation in the adjusted view the Adjusted CIR has been restated, see QMS for six months ending 30 June 2023 for more information.

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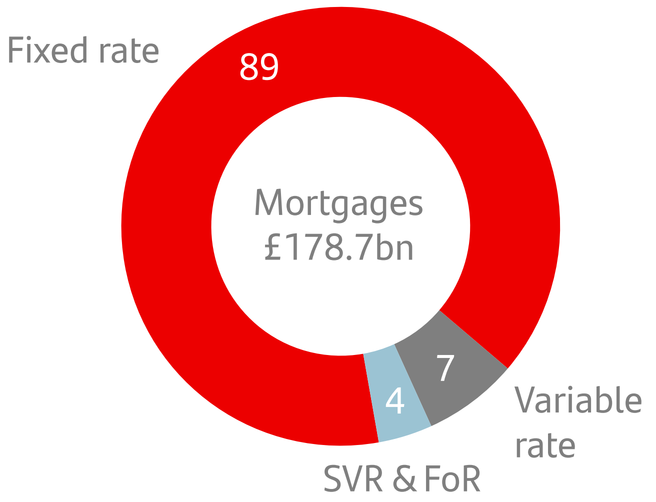
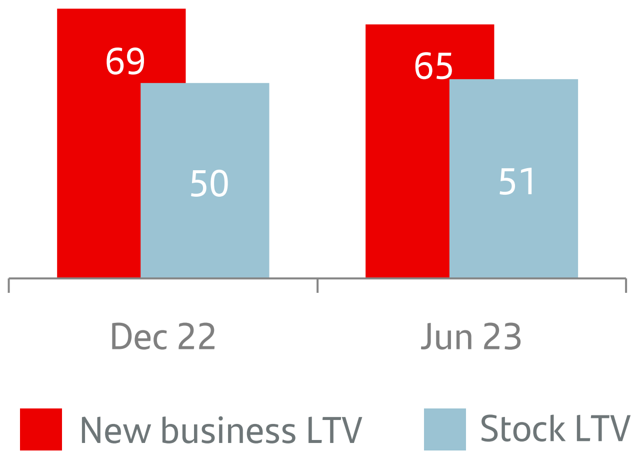
Prime UK mortgage book

- 79% of mortgages reaching the end of their incentive period were retained[1]
- Average new loan size: £225k (2022: £237k)
- BTL mortgages 9% of book (2022: 9%)

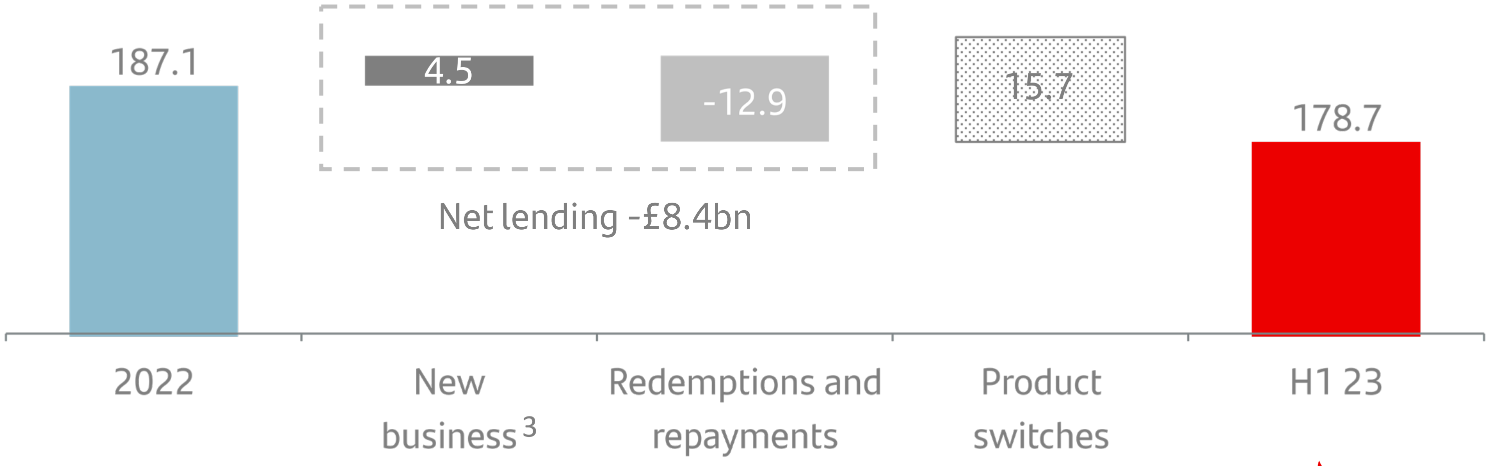
Interest rate profile (%)



New business and stock LTV[2] (%)



Mortgage lending breakdown (£bn)



1. The proportion of customers with a maturing mortgage retained. Applied to mortgages four months post maturity and is calculated as a12-month average of retention rates to March 2023.
2. Balance weighted LTV.
3. Includes further advances and drawdown on flexible mortgages.

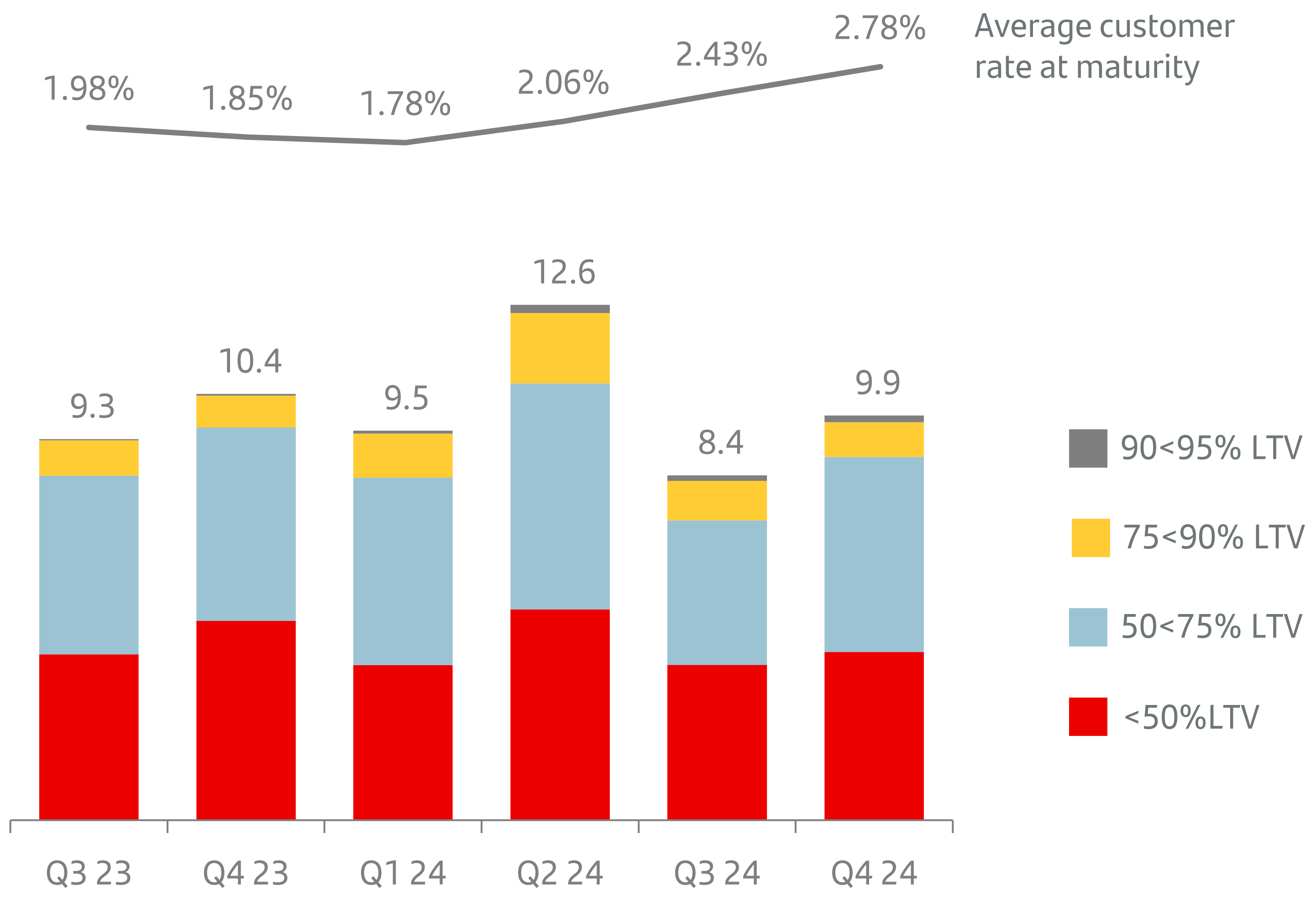
Low LTV mortgage portfolio with prudent approach to risk

- c£60bn of fixed rate and tracker mortgages reach end of incentive period over next 18 month
  - More than 85% have an LTV below 75%
  - 1% have an LTV of 90<95%
  - less than £300m have an LTV above 95%

- Most of the mortgage book was subject to a stressed affordability assessment at origination. Average stress rate used for new mortgage applications prior to Dec 21 was 6.35%[1]

1. Only applied to lending with a fixed term below 5-years and also excluded remortgages without additional lending.

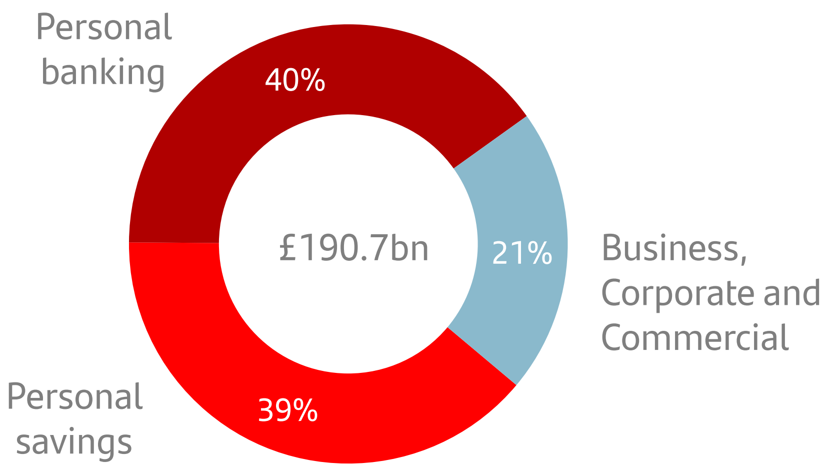
Mortgage incentive period maturities by LTV (£bn) and average customer rate



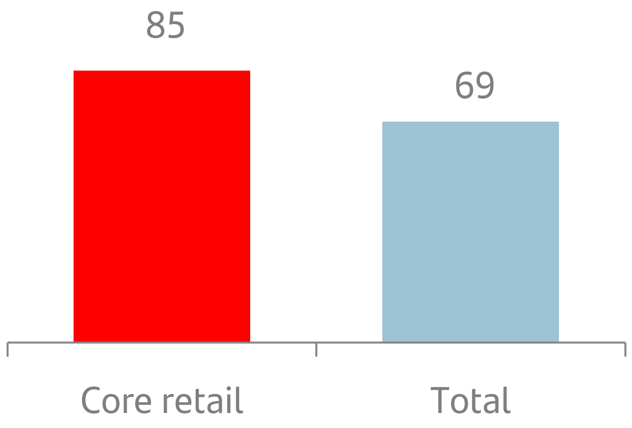
Diversified deposit base

- 14 million active customers with c95% personal
- Personal savings: average customer balance c£6,000

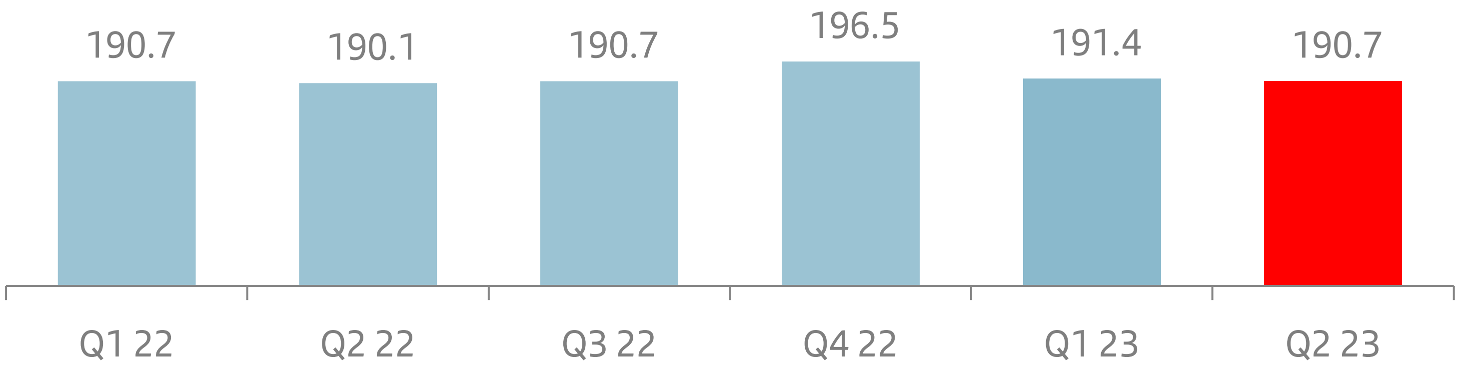
Customer deposits mix[1] (%)



Insured customer deposits[2] (%)



Customer deposits (£bn)

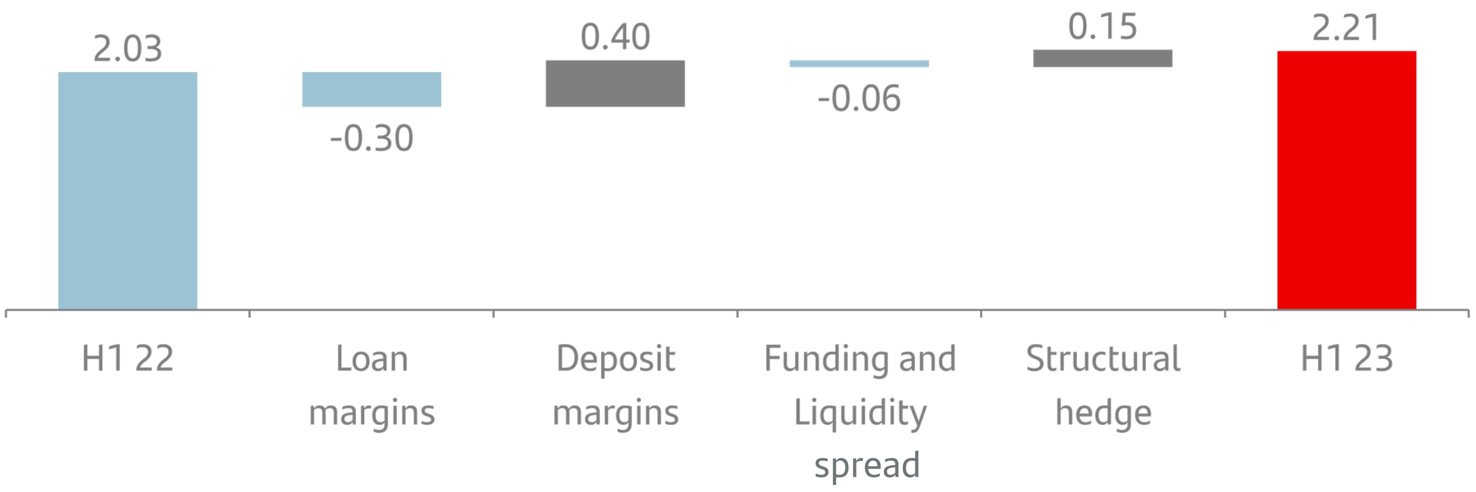


1. Personal is Retail Banking excluding Santander Business Banking plus Crown Dependencies (retail savings and banking deposits from customers in the Isle of Man and Jersey). Business, Corporate and Commercial includes Santander Business Banking, CCB and other short term customer deposits.
2. Core retail is Retail Banking excluding Cater Allen and Santander Business Banking. Deposits in the Crown Dependencies are not eligible for the FSCS.

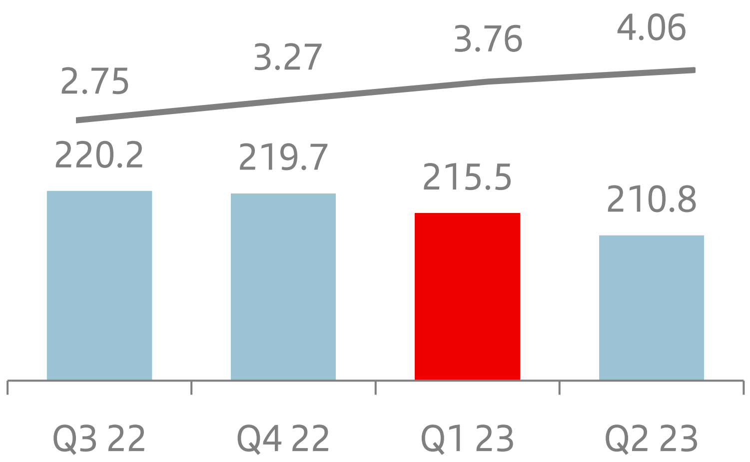
Increase in Banking NIM

- Banking NIM up 18bps YoY to 2.21%, reflecting the impact of base rate increases
- Our decision to optimise the balance sheet given higher funding costs has seen mortgage lending reduce and customer deposits decrease with increased market competition

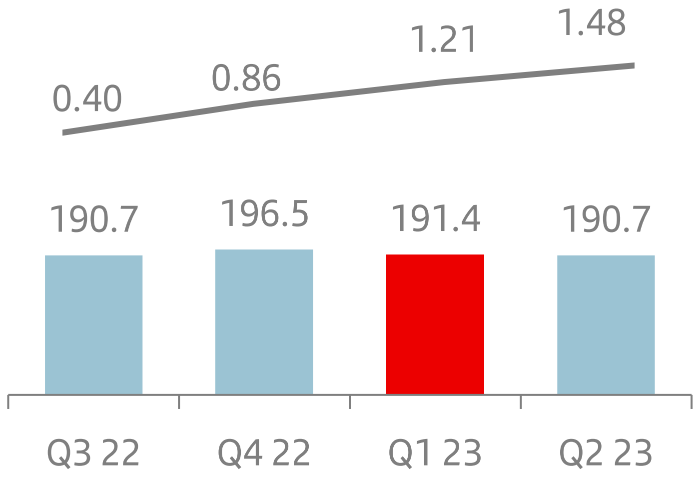
Banking NIM[1] **(%)**



Customer loans and loan yield (%, £bn)



Customer deposits and deposit cost (%, £bn)



1. Adjusted Banking NIM is calculated as adjusted net interest income divided by average customer assets. Loan margins and deposit margins calculated against the relevant risk free rate. Structural hedge is gross yield only and associated liability costs in deposit margins. Funding and Liquidity includes cost of wholesale funding and income from liquid assets buffer.

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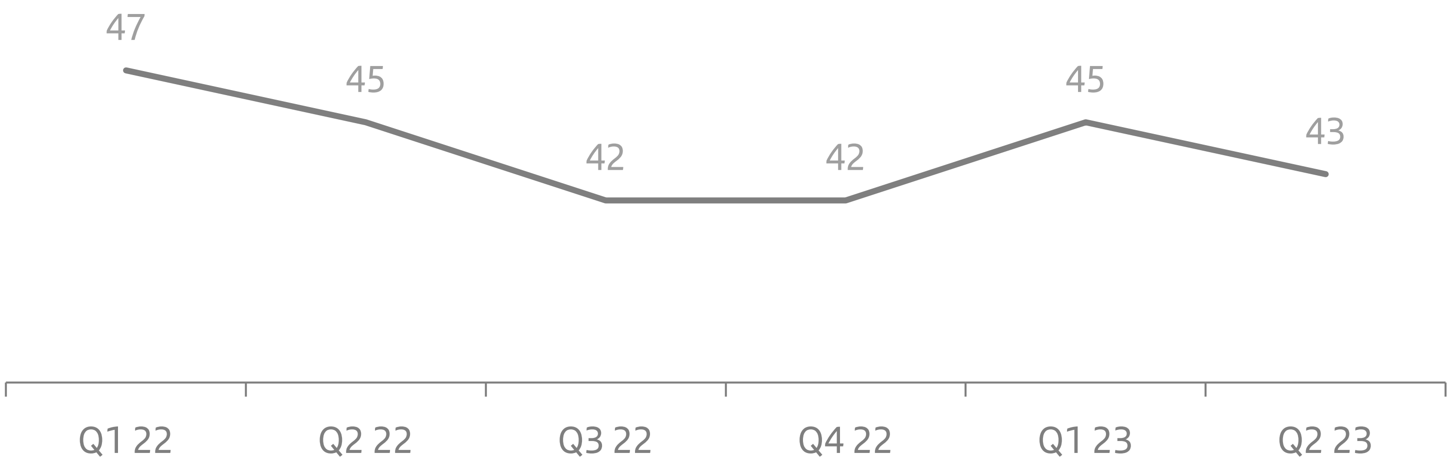
Inflation adding pressure to cost management

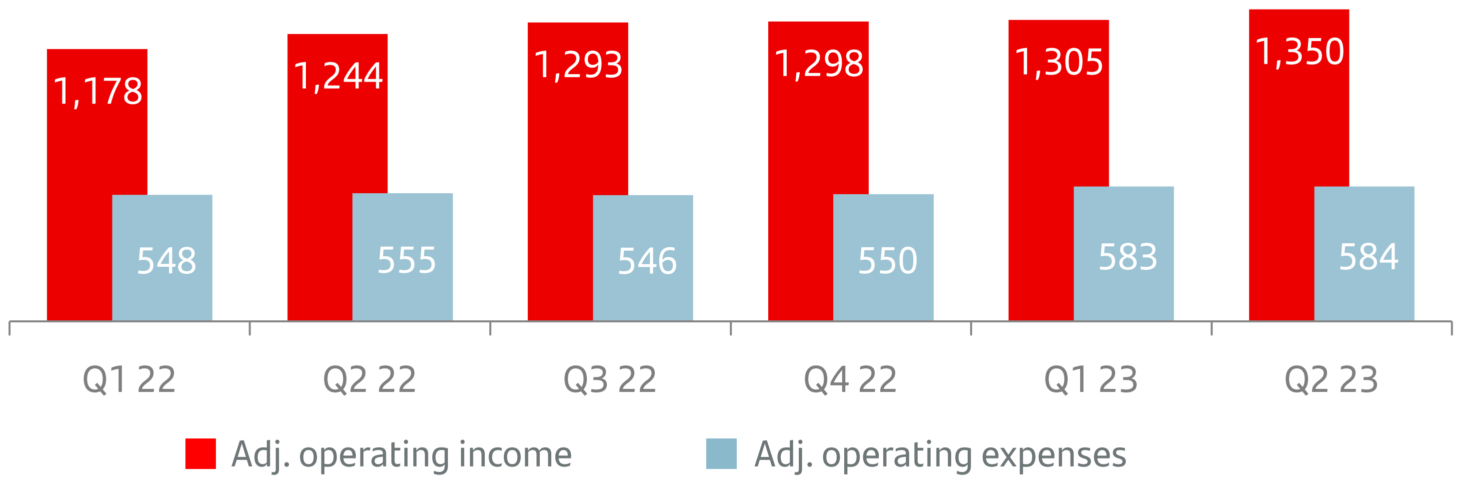
- Adjusted operating expenses up due to inflationary pressures partially offset by savings from the transformation programme
- In H1 23, we invested £97m in our transformation programme (H1 22: £101m)

1. Non IFRS measure which excludes transformation costs. See Appendix 1 of QMS for details.

Adjusted cost-to-income ratio[1] (%)



Adjusted operating income and expenses[1] (£m)



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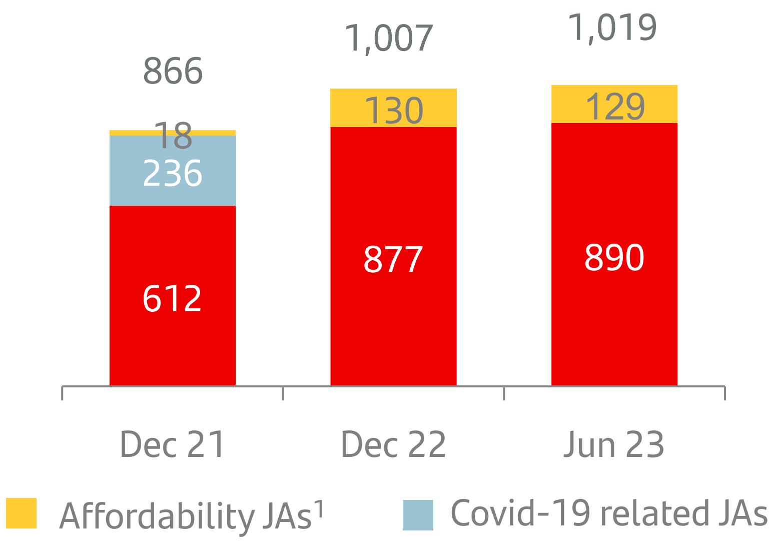
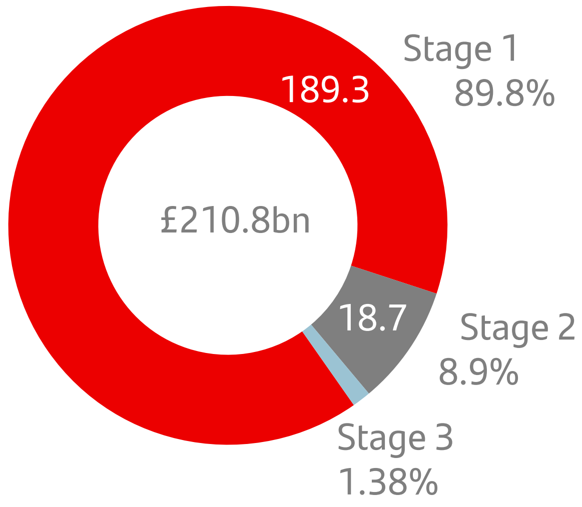
ECL provision and impairment charges from uncertain economic outlook

- Stage 3 ratio 1.38% (Dec 22: 1.24%)
- Modest ECL increases in a few single name cases that emerged in CCB in Q4 22

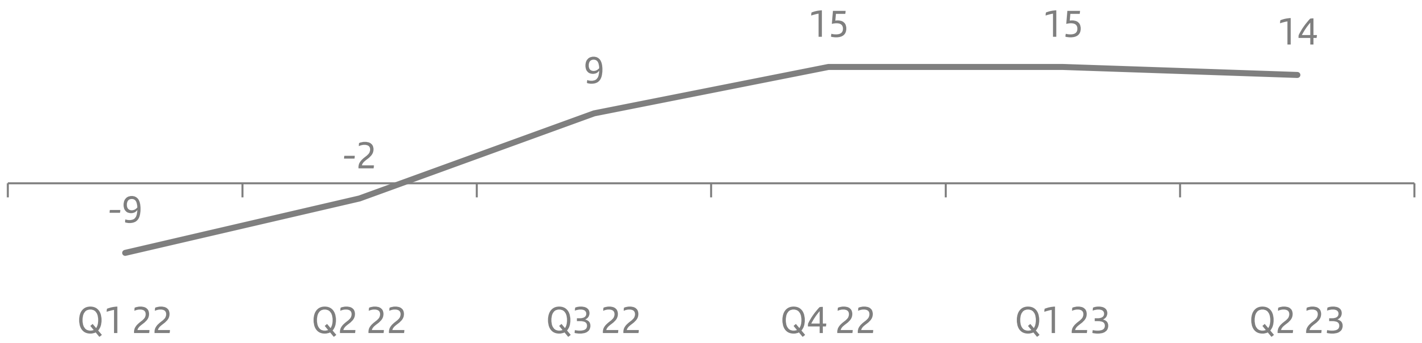
ECL provision (£m)



Customer loans by stage (£bn)



Cost of risk (bps)



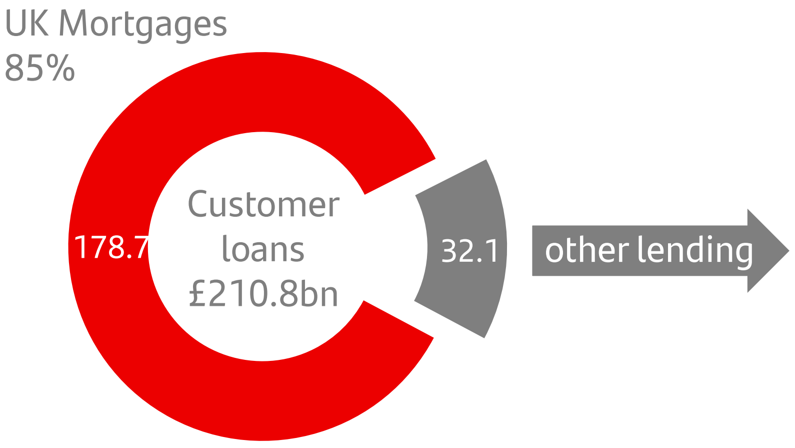
1. Includes affordability of unsecured lending repayments and corporate sector staging risks.

Resilient customer lending

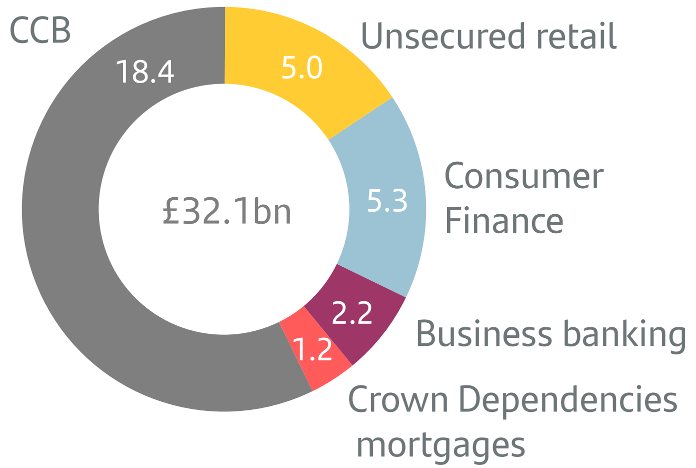
- Mortgages: average stock LTV of 51% (Dec 22: 50%) and average new loan size of £225k (Dec 22: £237k)
- Business Banking: includes £2.0bn of BBLS with 100% Government guarantee (Dec 22: £2.4bn)
- Consumer Finance: 87% of lending is collateralised on the vehicle (Dec 22: 84%)
- Slight increase in mortgages, UPL and overdrafts arrears but remain well below historic averages

1. Pre-Covid-19 average mortgages arrears over 90 days past due for 9 years to Dec-19 was 1.31%.
2. Sector split of balances reflect the allocation of clients to relationship manager portfolios.

Customer lending split



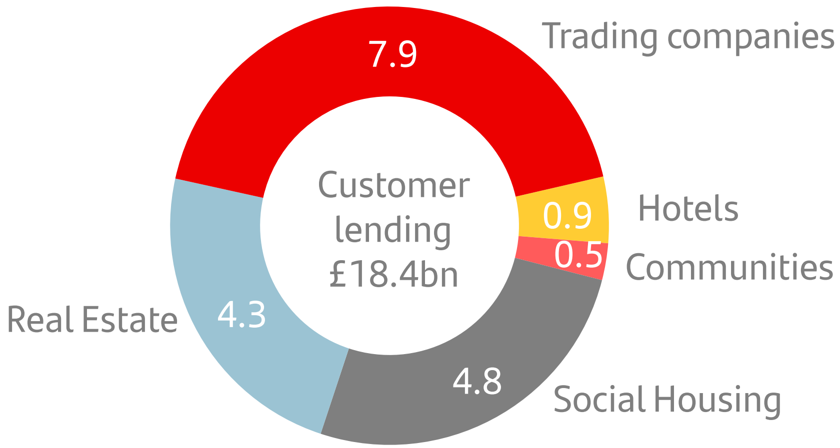
Other lending split (£bn)



Arrears over 90 days past due

%	Dec 22	Jun 23
Mortgages[1]	0.62	0.68
Credit cards	0.49	0.48
UPL	0.61	0.64
Overdrafts	2.24	2.26
Business Banking	3.47	2.81
Consumer Finance	0.44	0.38

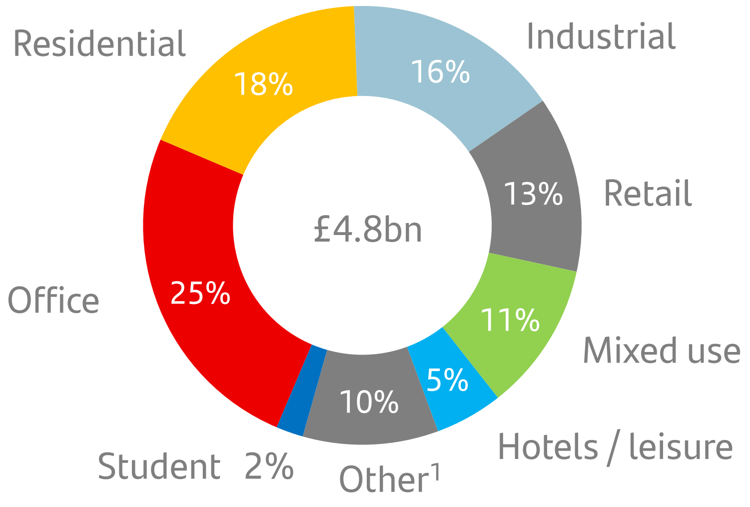
CCB customer lending by sector[2] (£bn)



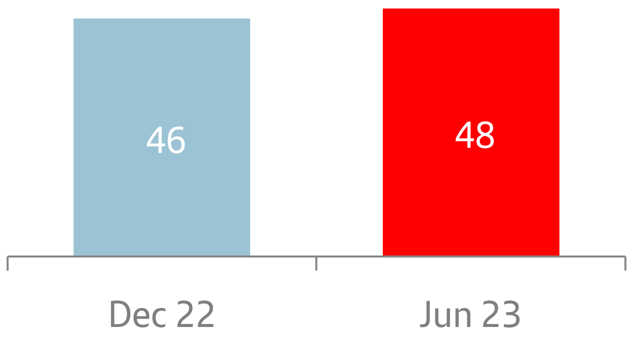
Diversified CRE portfolio

- The CRE portfolio is well diversified across sectors with no significant regional or single name concentration
- No CRE lending for standalone development purposes
- Well capitalised with >99% of new business written at or below 60% LTV

CRE Sector analysis (%)



CRE LTV (%)



CRE portfolio features	
Typical average term	3-5 years
Typical average loan size	c.£5m
Stage 3 ratio	1.22%
Contractual 2023 loan maturities[2]	c.£1bn

1. Other is mainly commercial mortgages in a small transactions portfolio.
2. Contractual maturities at 31 December 2022.

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Good results and resilient balance sheet

- Customer loans and deposits reduced following market trends and our disciplined pricing action
- Our strategy delivers strong liquidity, funding and capital with prudent balance sheet management
- 85% of customer loans are retail mortgages
- Relatively small BTL, CRE and unsecured lending portfolios

1. Non- IFRS measure. See Appendix 1 of QMS for details.

H1 23		Looking ahead
112% LDR (2022: 113%)	→	We expect the LDR to trend lower in 2023
2.21% Banking NIM[1] (H1 22: 2.03%)	→	We expect Banking NIM[1] to be higher than 2022 reflecting base rate increases
46% CIR[1] (H1 22: 49%)	→	The transformation programme has embedded lower operational costs and improved efficiency of the business which should help to mitigate the impact of inflation

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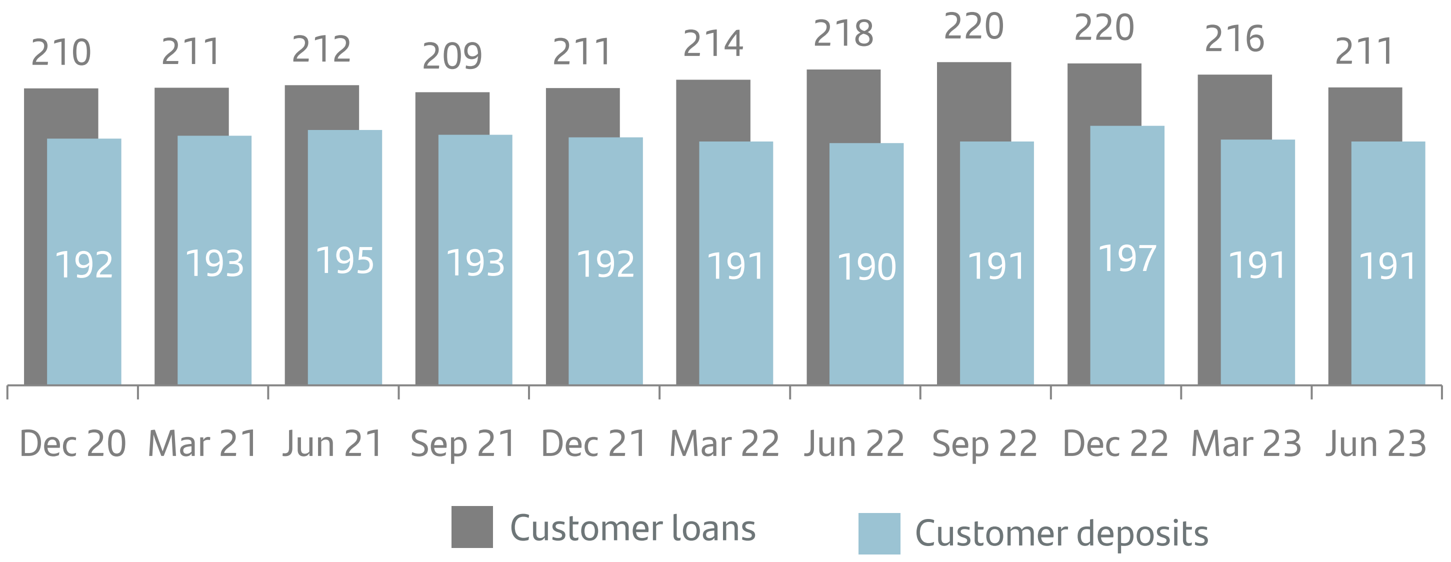
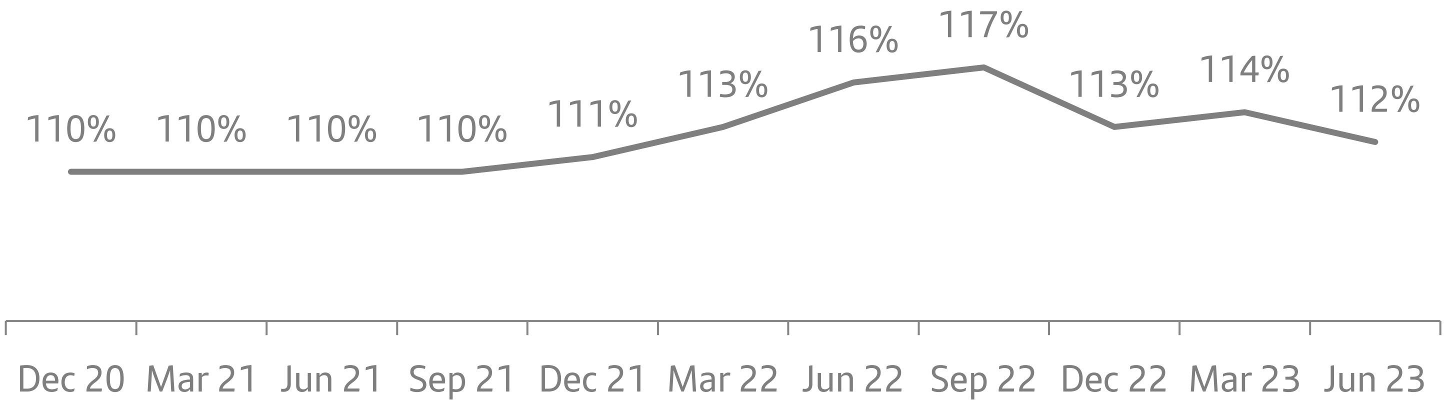
Funding gap

- More deposit competition and notably higher funding costs
- We reduced our mortgage lending and, to keep our LDR broadly stable, we also reduced customer deposits
- We expect the LDR to trend lower in 2023

Customer loans and deposits (£bn)



Loan to deposit ratio[1] (%)



1. LDR is calculated from the statutory balance sheet.

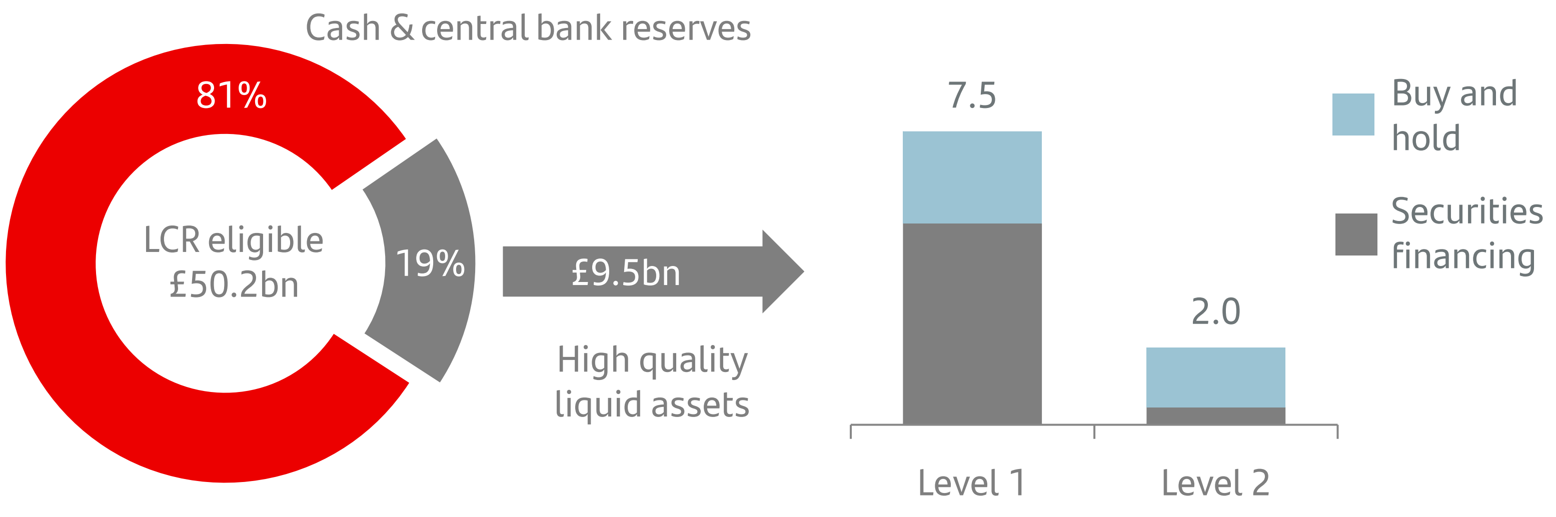
Strong liquidity position

- Strong LCR of 160%, managed and stressed in line with PRA and Basel rules
- Liquidity pool of £50.2bn predominantly cash and central bank reserves
- Term duration in the liquidity pool is hedged with swaps to offset mark to market movements from interest rate changes
- Securities financing of £5.6bn is short duration with 80% maturing within 90 days

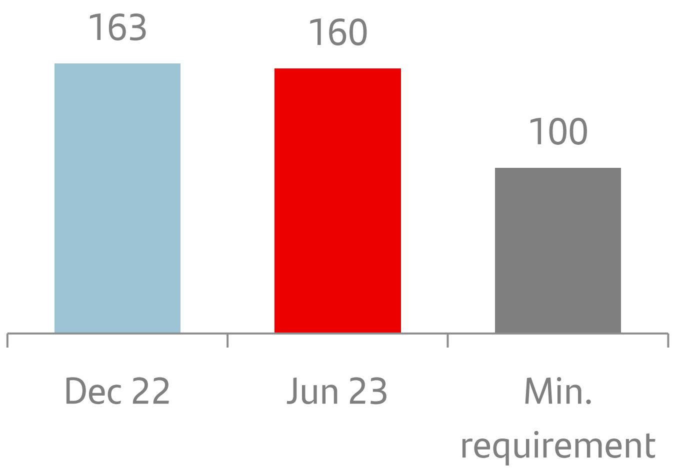
1. Inputs to valuation techniques used in measuring fair value: Level 1 is quoted prices in active markets and Level 2 is internal models based on observable market data.

Composition of LCR eligible assets (LAB)

Securities held in LAB[1] (£bn)



Liquidity coverage ratio[1] (%)



Robust funding to refinance maturities and TFSME

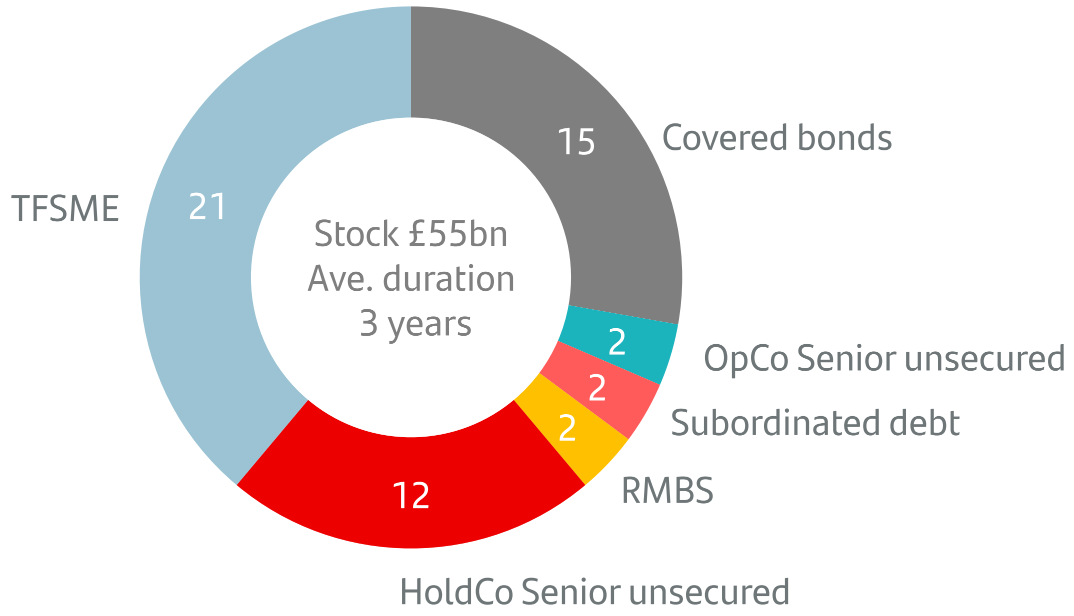
- TFSME repayments to date:
  - 2022: £7bn
  - H1 23: £4bn

- Expected TFSME repayment profile
  - H2 23: c.£4bn
  - 2024: c.£8bn
  - 2025: c.£6bn
  - 2027 to 2031: c.£4bn[1]

- In addition to the expected 2023 funding requirements shown in the table we may begin pre-funding 2024 requirements if market conditions are favourable

1. In line with extended term of BBLS.

Term funding stock (£bn)

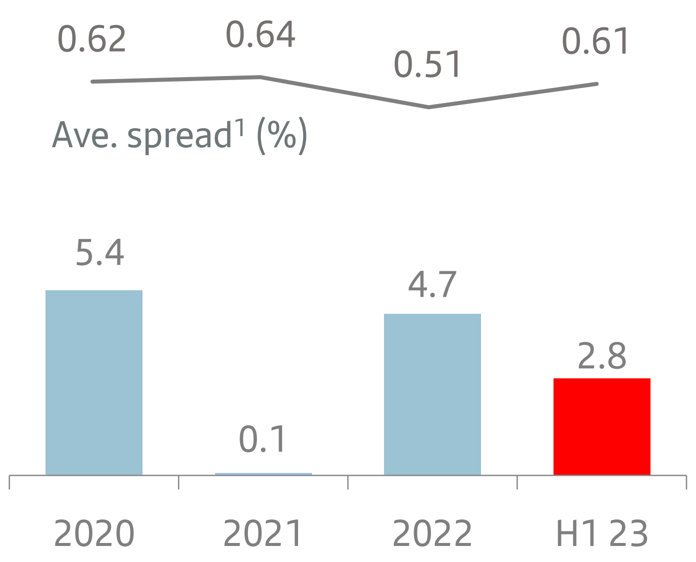


Funding requirements	AT1	Tier 2	HoldCo Senior	OpCo Senior	RMBS	Covered bonds
2023 (YTD)	-	£300m	$1.25bn	-	£750m	£1.5bn
2023 (full year)	-	£300-750m	£1.5-2.0bn	-	£750m	£1.5bn

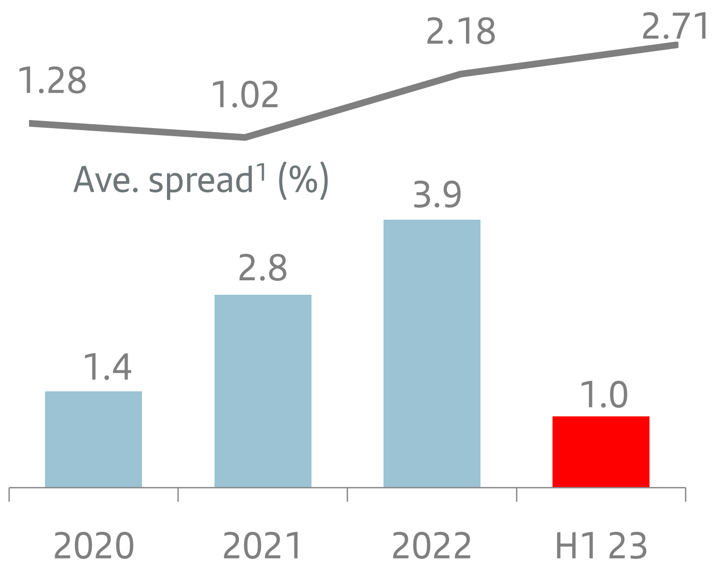
Strong funding position across a diverse range of products

- Lower issuance in 2021 as a result of TFSME drawing
- TFSME repayment commenced in 2022
- 2023 issuance requirement driven by maturities and lower customer funding gap
- Next HoldCo Tier 2 maturity in 2025 and next AT1 call in 2024

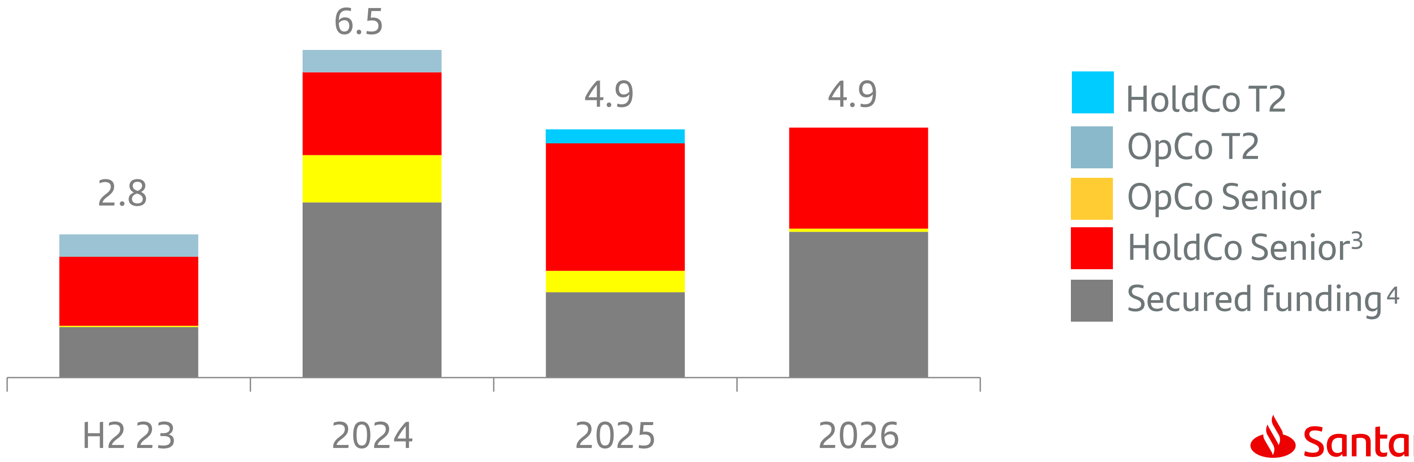
OpCo issuance (£bn)



Senior HoldCo issuance (£bn)



Term funding maturities[2] (£bn)



1. Average spread is the weighted margin above SONIA for issuance in that calendar year.
2. Includes issuances from Santander Consumer Finance UK.
3. Earliest between first call date and maturity date.
4. Excludes TFSME.

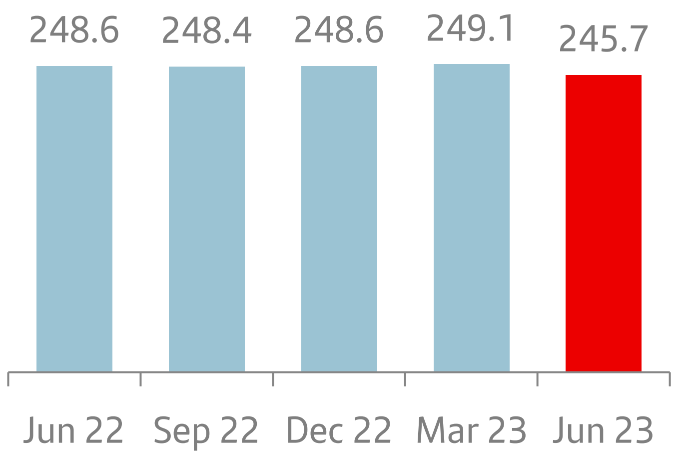
Continued resilience through strong capital position

- CET1 capital ratio increased 20bps to 15.4%, largely due to higher profit
- Leverage exposure reduced slightly with lower mortgage balances
- RWAs increased due to balance sheet mix changes

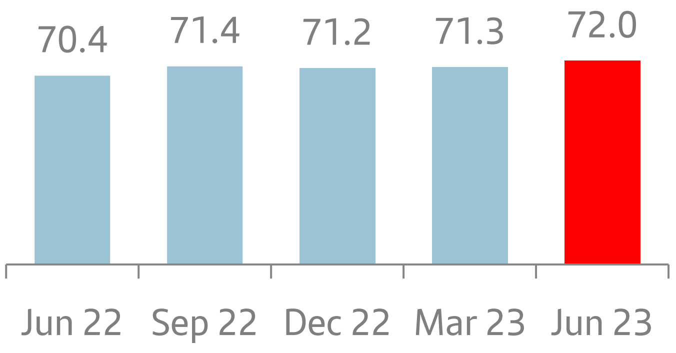
1. Also includes other

CET1 capital ratio change (%)

Leverage exposure (£bn)



RWA (£bn)



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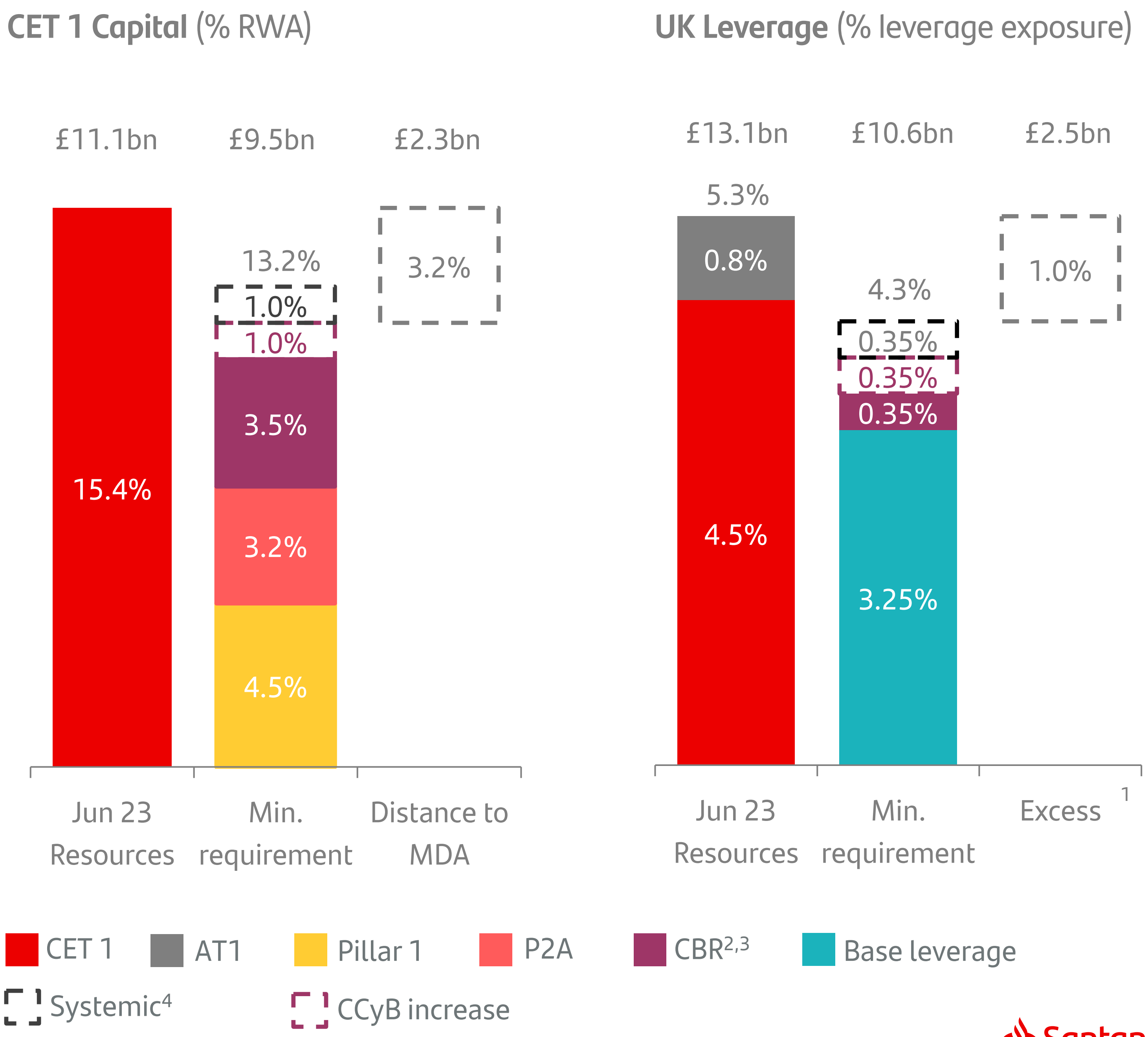
Capital positioned for dual regulatory requirements

- Remain strongly capitalised with significant headroom to minimum requirements and MDA
- CET1 capital ratio headroom over regulatory minimum of 4.2pp at June 2023, and 3.2pp including the 1% CCyB increase in July 2023



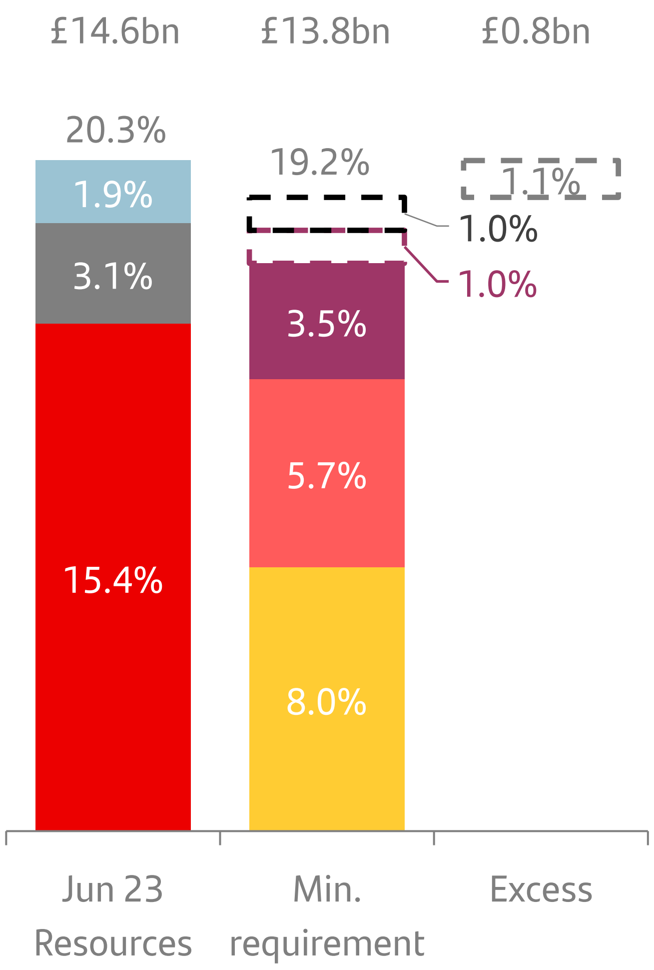
1. Headroom on UK Leverage requirement of 1.4% (1% post CCyB increase) is sufficient to cover 120bps drawdown from 2023 BoE stress test with additional management buffer
2. Combined Buffer Requirement includes CCB 2.5% and CCyB 1% and will be met exclusively with CET1. The FPC is increasing the UK Countercyclical Capital Buffer (CCyB) rate to 2%. This rate will come into effect on 5 July 2023
3. For Leverage requirements CCyB is unrounded, on application of rounding reduces to 0.3%.
4. O-SII requirement from RFB.

Total capital and MREL minimum requirements[1,2]

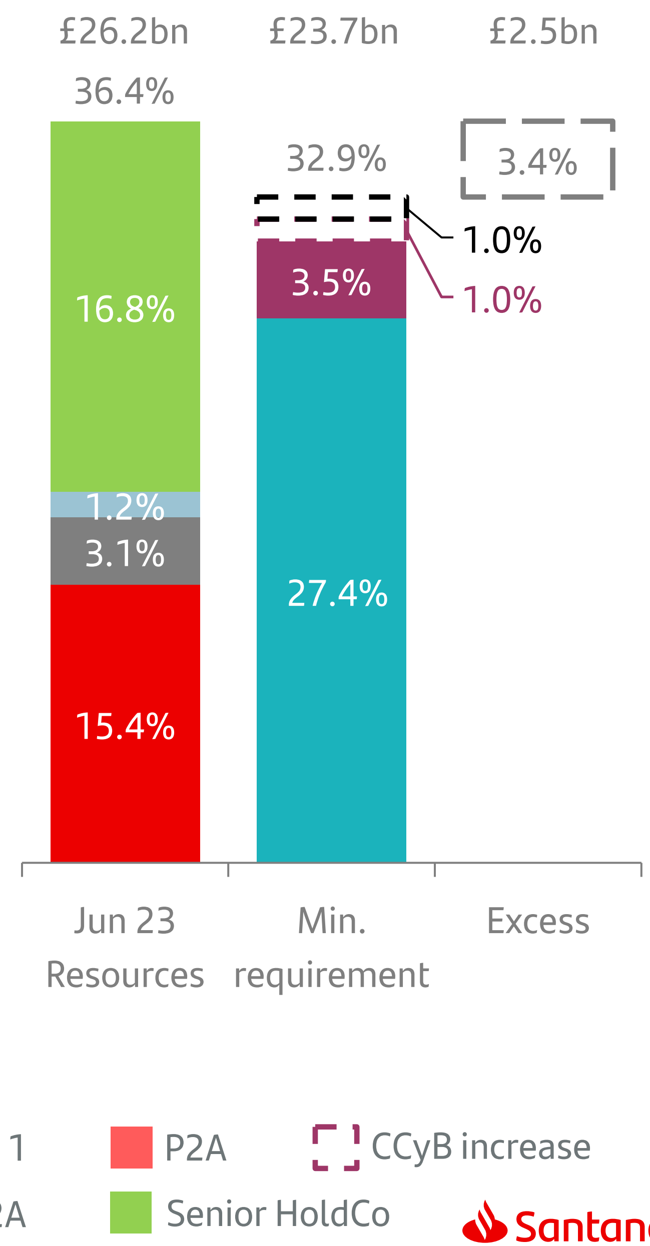
- From RWA perspective part of our T2 requirements are met with CET1 and AT1
- At 30 June 2023 the P2A capital requirement remained with RWA percentage-based element
- Fully compliant with end state MREL requirements, being RWA constrained
- Expect to issue between £1.5-2.0bn of MREL in 2023. £1bn equivalent issued in January 2023

1. At 30 June 2023 Pillar 2A requirement was 5.72%.
2. Combined Buffer Requirement includes CCB 2.5% and CCyB 1% and will be met exclusively with CET1. The FPC is increasing the UK Countercyclical Capital Buffer (CCyB) rate to 2%. This rate came into effect on 5 July 2023
3. O-SII requirement from RFB.

Total capital (% RWA)



MREL (% RWA)



Santander

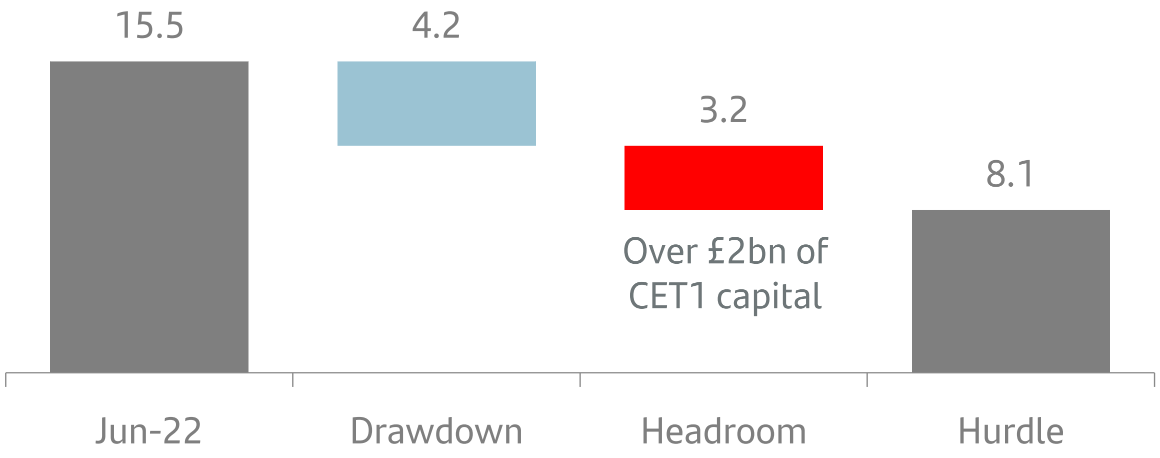
2022/23 Bank of England ACS stress test results

- Passed stress tests without management actions. The test was based on a once in a hundred-year stress event
- 4.2% CET1 drawdown post stress equivalent to current buffer to MDA[1]
- Stress test scenario

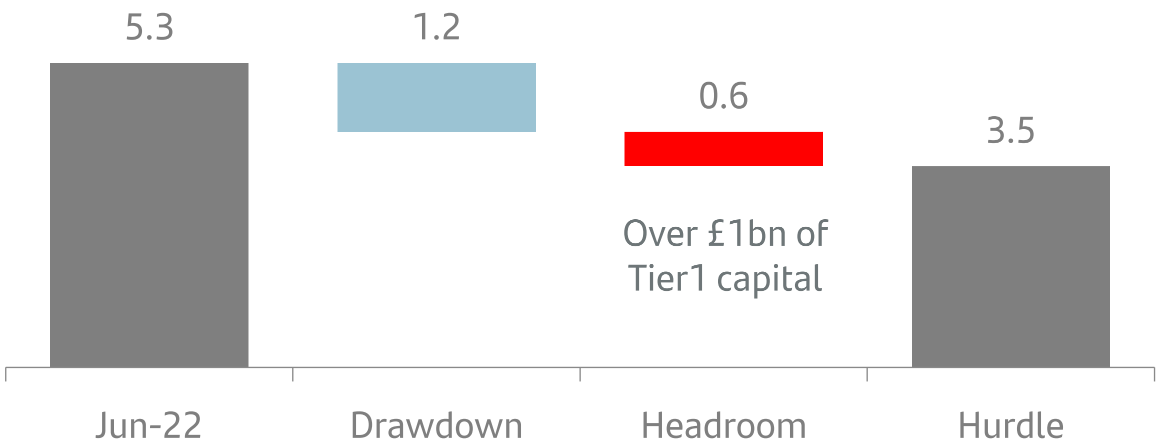
Stress test scenario	(%)
UK GDP Growth	(5.0)
Unemployment	8.5
HPI	(31.0)
CPI peak	17.0
Base rate	6.00

1. Assuming in a stress test the 1% Counter Cyclical Buffer is set to zero and the 2.5% Capital Conservation Buffer is utilised, MDA headroom rises to 7.5%.

Impact on CET1 capital ratio (%)



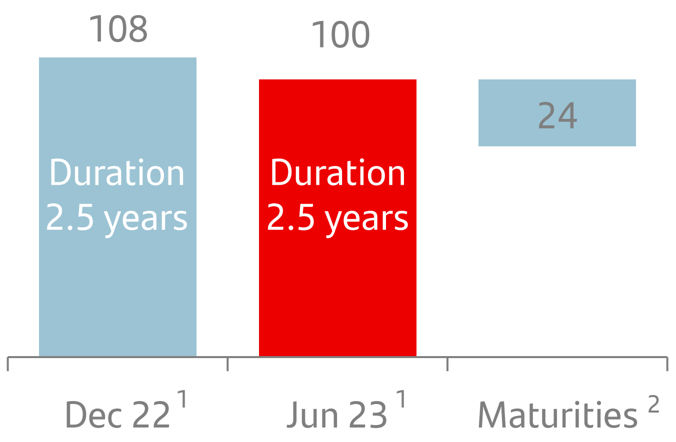
Impact on leverage ratio (%)



Structural hedge evolution

- Structural hedge decreased versus Dec 22
- Consists of primarily unhedged fixed rate mortgages. Yield driven from underlying swap rates that would have swapped fixed rate mortgages to floating assets
- Table shows how NII would be affected by +/- 100bps parallel shift applied instantaneously to the yield curve

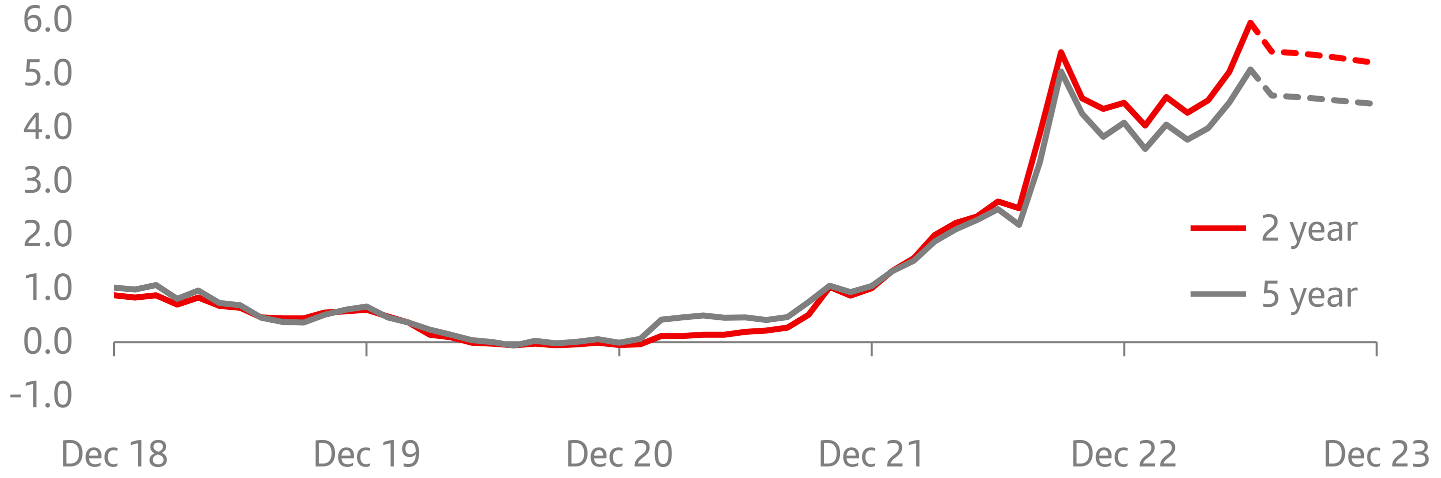
Balance of structural hedge (£bn)



12-month NII sensitivity[4] (£m)

Rate shifts	Dec 22	Jun 23
+100bps	238	211
-100bps	(194)	(215)

Yield from Sonia historic and forward[3] swap rates (%)



1. Period end.
2. Over the next 12 months.
3. Forward rates as of 19 July 2023.
4. Based on modelling assumptions of repricing behaviour.

Credit ratings

- S&P rating A / A-1 / Stable[1]
  Reviewed in June 2023
- Fitch rating A+ / F1 / Stable[1]
  Reviewed in June 2023
- Moody's rating A1 / P-1 / Negative[1]
  Reviewed in June 2023

Instrument	Issuer[2]	S&P	Fitch	Moody's
Covered Bond	OpCo	AAA	AAA	Aaa
Senior Unsecured	OpCo	A	A+	A1
Senior Unsecured	HoldCo	BBB	A	Baa1
Tier 2	HoldCo	BB+	BBB+	Baa1
AT1	HoldCo	BB-	BBB-	Ba1

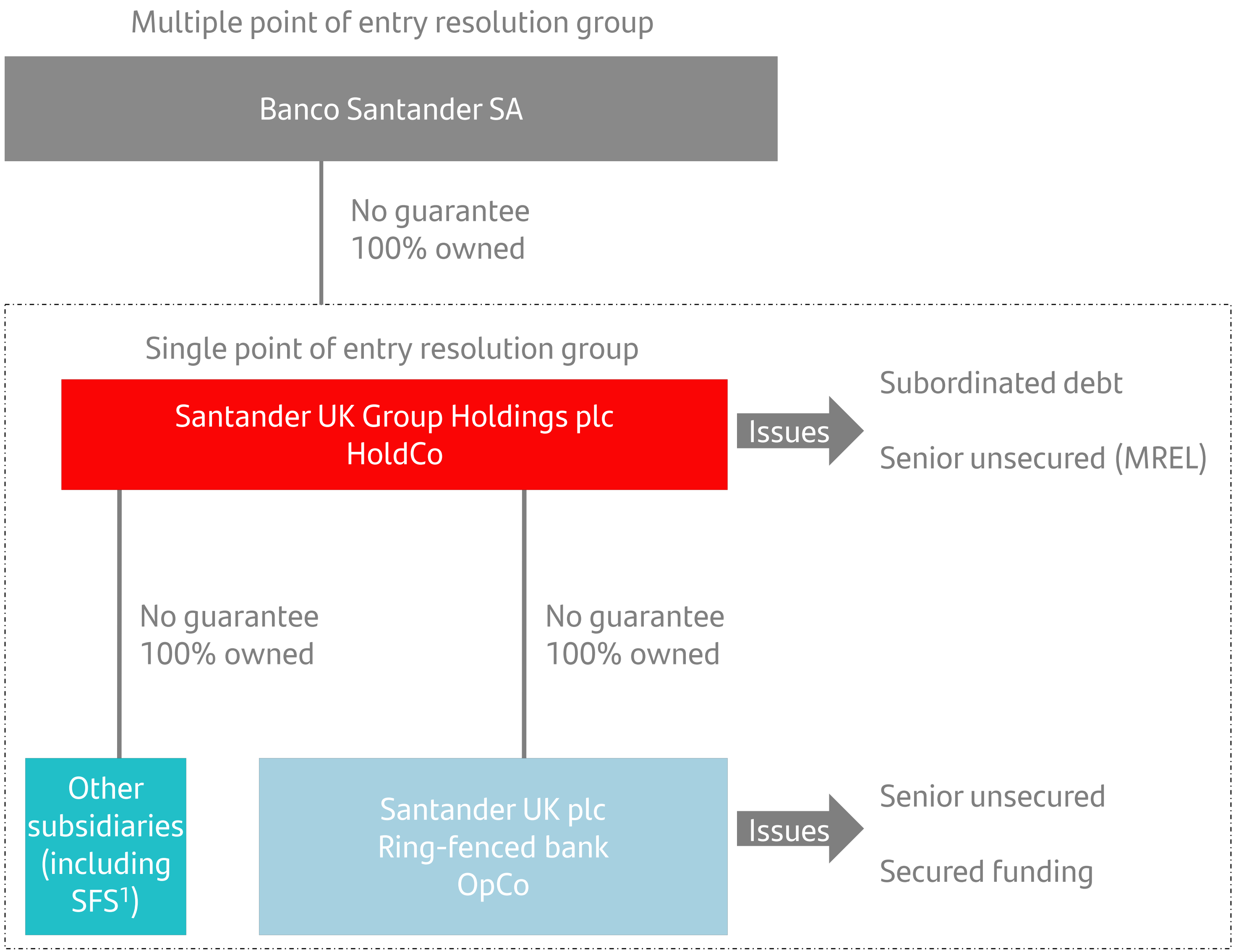
1. Santander UK plc ratings.
2. Opco is Santander UK plc. HoldCo is Santander UK Group Holdings plc.

Santander UK Group down-streaming model

- The PRA regulates capital, liquidity (including dividends) and large exposures
- Requirement to satisfy the PRA that we can withstand capital and liquidity stresses on a standalone basis
- According to the BoE RAF assessment published in June 2022, we were the only UK bank with no material issues to achieve resolution identified

1. Santander Financial Services.

Wholesale funding model



Contents

Our purpose is to help people and businesses prosper

- We help our customers at moments that matter most
- We champion British businesses and help them to grow sustainably
- Our customer focus helps us to develop more loyal and lasting relationships

Note: further information on Santander UK strategy can be found in the 2022 Annual Report.

1. Users who have logged on in last month.
2. Value of offers issued via online mortgage retention tool as % of total offers issued.

Our competitive advantages

- Leading scale challenger bank
- Strong balance sheet
- International expertise for UK companies

Established UK market position

14 million
active UK customers

7 million
digital customers[1]

445 branches
across the UK

76%
digital mortgage retention[2]

Our strategic priorities

1. Deliver growth through customer loyalty and outstanding customer experience
2. Simplify and digitise the business for improved efficiency and returns
3. Engage, motivate and develop a talented and diverse team
4. Be a responsible and sustainable business

Sustainability and Responsible Banking Strategy: three key pillars and a foundation

1 Thriving Workplace

2 Better Communities

3 Healthy Environment

Foundation: Being responsible in everything we do

Note: See 2022 Annual Report and 2022 ESG supplement for definitions and more information on 2022 performance.

Thriving Workplace:

Creating a culture of inclusivity and belonging

1

- Diversity, inclusion and belonging
- Social mobility
- Organisational culture and governance

Better Communities:

Helping customers and communities prosper

2

- Financial inclusion
- Community engagement and support
- Sustainable finance

Healthy Environment:

Fighting climate change and supporting the green economy

3

- Support customer transition to a low carbon economy
- Reducing emissions in our operations
- Climate Risk Management

Being responsible in everything we do

- Responsible banking practices
- Ethics and compliance
- Human and labour rights

Sustainability and Responsible Banking Strategy

Three key pillars and foundation

1 Thriving Workplace

2 Better Communities

3 Healthy Environment

Being responsible in everything we do

Targets	2022	H1 23	Commitments	Target date
Female senior managers[1]	33.2%	33.3%	50% (+/-10%)	2025
Ethnic minority senior managers[1]	11.1%	11.9%	14% (+/-2%)	2025
Women on the Board[2]	25%	30%	40%	2025
Senior managers from lower socio-economic backgrounds[1]	29%	29%	35%	2030
Financially empowered people[3]	2.1m	3.2m	3m[5]	2025
Financial education to children and young people[3]	1.7m	2.7m	2.2m[5]	2025
Green finance[3, 4]	£10.5bn	£11.3bn[6]	£20bn	2025
Customers supported to become greener with products and services[3]	>32k	>85k[6]	180k customers	2025

Note: See ESG supplement for definitions and more information. 1. Includes Senior Managers and those in more senior positions. 2. HoldCo is in the process of ensuring an orderly succession for some of the key roles on the Board. Accordingly, these percentages are expected to change a number of times over the course of the next year 3. Cumulative. 4. Includes lending to finance properties with an EPC rating of A and B, renewable energy and electric vehicles as well as financing raised and facilitated. 5. As these targets have been achieved early new targets will be developed to replace them. 6. Q1 23

Santander

Clear focus on our communities and being a responsible and sustainable bank

E Environmental: supporting the green transition

S Social: building a more inclusive society

G Governance: doing business the right way

Helping customers go green

>£760m Green Finance raised & facilitated[1]

>1,900 EnergyFact Reports issued to customers to educate on energy efficiency improvements[2]

Going green ourselves

New Head Office to be BREEAM certified[3]

9% Reduction in our scope 1, 2 and 3 business travel emissions[4]

Managing Climate Risk

Climate Financial Risk Forum (CFRF) proactive participation[5]

Completed internal **Climate Scenario Analysis**

Talented and diverse team

Top 40 ranking Stonewall's Workplace Equality Index [6]

33% women in senior positions[7]

Advice & tools for customers

Financially empowering **>512,000** people[8]

>496,000 young people financially educated[9]

Supporting society

>2,900 people supported through volunteering[10]

£>230k of donations and grants to higher education[11]

A strong culture: Simple, Personal, Fair

8.1/10 Employees engagement score +0.1 since Q1 2023[12]

10% of remuneration for people and sustainability KPI's

An independent, diverse Board[13]

60% Independent

30% Female

ESG governance with Board oversight

1. In line with Banco Santander's Sustainable Finance Classification System, Q1 2023 only 2. Q1 2023: >340 3. BREEAM is a leading science-based suite of validation and certification systems for sustainably built environments 4. Scope 1, 2 and 3 emissions classified in accordance with the Greenhouse Gas Protocol Corporate Standard and 9% reduction is between 2021 and 2022 5. An industry forum jointly convened by the PRA and FCA to build capacity and share best practice 6. 2021: Top 100 7. This population includes c.1400 senior managers and those in more senior positions. These represent 7% of Santander UK employees, in Q1 2023: 33% 8. Q1 2023: 577,622. 9. Q1 2023: 536,412 10. Q1 2023: 2,240 11. Q1 2023: £207,500. 12. Measured via continuous listening strategy using Workday Peakon 13. HoldCo is in the process of ensuring an orderly succession for some of the key roles on the Board. Accordingly, these percentages are expected to change a number of times over the course of the next year

Detailed definitions can be found in our 2022 ESG Supplement

Note: Q2 23 performance or at 30 June 2023 (unless stated otherwise).

Contents

Economic scenarios

- The economic outlook for 2023 remains uncertain
- Inflation is forecast to remain well above the 2% target rate for 2023 putting further pressure on real disposable income
- We expect house prices to decrease by 7% in 2023

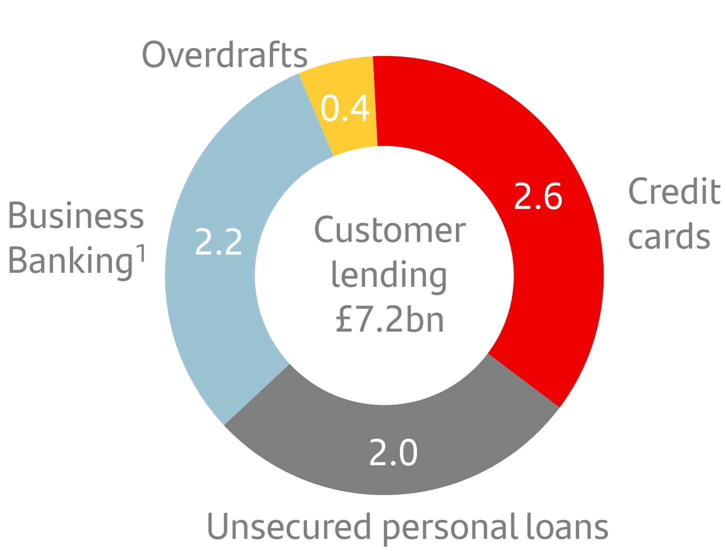
%		Upside	Base Case	Downside 1	Stubborn Inflation	Downside 2
GDP[1]	2023	0.3	0.1	(0.2)	(0.5)	(1.6)
	2024	1.1	0.3	(0.4)	(1.9)	(3.2)
	2025	2.3	1.3	0.4	0.0	0.1
Base rate[2]	2023	5.00	5.50	6.00	7.00	5.00
	2024	3.75	4.75	5.25	5.50	3.00
	2025	2.75	3.75	4.00	4.00	2.50
House price inflation (HPI)[3]	2023	(3.6)	(7.0)	(5.8)	(7.5)	(11.8)
	2024	(4.4)	(2.0)	(7.6)	(10.2)	(12.9)
	Peak to trough	(10.2)	(11.0)	(15.0)	(19.0)	(25.0)
Unemployment (ILO)[2]	2023	4.2	4.2	4.5	4.5	6.6
	2024	4.2	4.5	5.0	5.7	8.3
	5-yr peak	4.3	4.5	6.1	6.5	8.5
Weighting		10	50	10	20	10

1. Calendar year annual growth rate.
2. At 31 December.
3. Q4 annual growth rate.

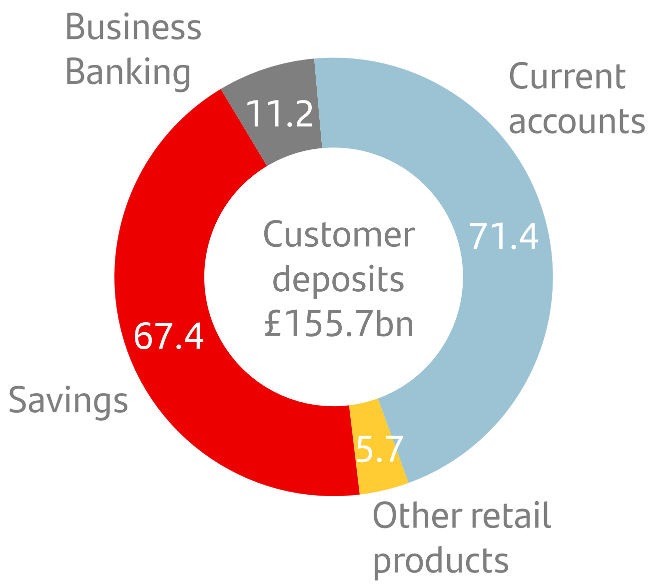
Everyday Banking

- Serves c.14m active customers in branch or through remote and digital channels
- Increased interest rates across our savings product range, offering market leading rates for customers
- Launched new Edge Up current account and made improvements to our mobile app, helping customers with their personal budget

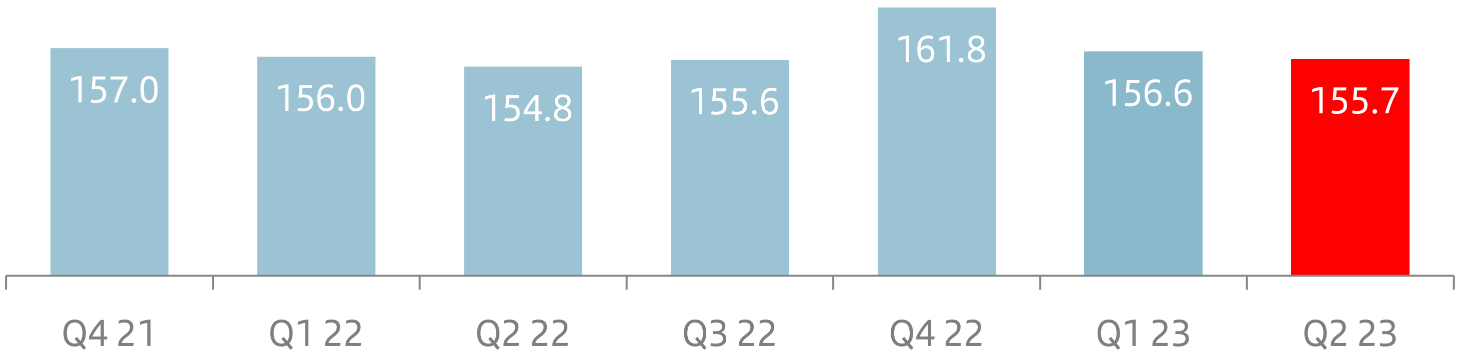
EDB customer lending (£bn)



EDB customer deposits (£bn)



EDB customer deposits (£bn)



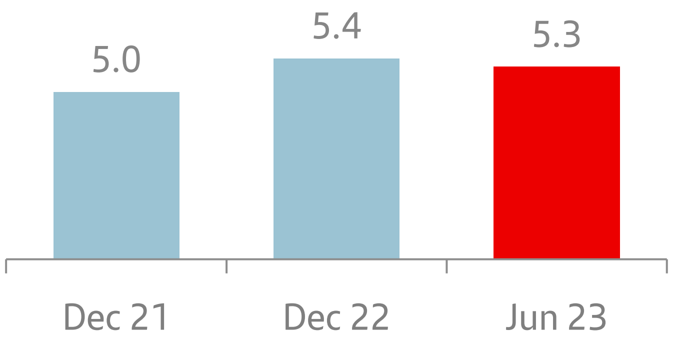
1. Includes £2.0bn of BBLS (100% government guaranteed).

Consumer Finance

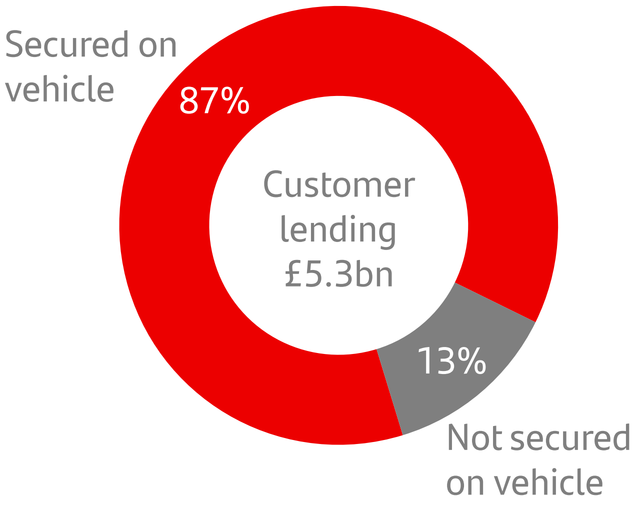
- Prime lending portfolio
- 93% of asset in Stage 1, negligible Stage 3
- Significant customer equity in residual values
- 17% of new business was green assets such as electric vehicles[1]

1. Vehicles that produce less than 50g/co2 per km and includes Electric vehicles, hybrids etc.

Consumer Finance customer lending (£bn)



Collateral held on loans



Partners and relationships

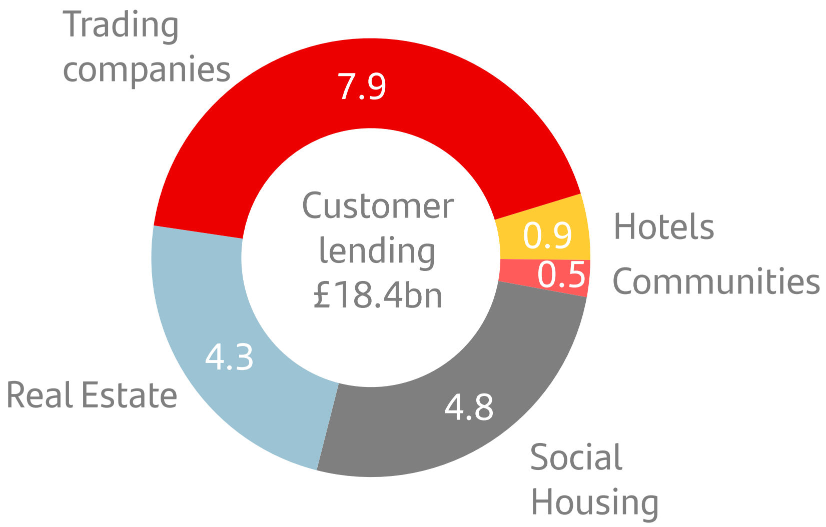
HYUNDAI, KIA, VOLVO, Polestar, CATERHAM CARS, mazda, YAMAHA, BYD, MG, BRP, LEVC, PIAGGIO, GENESIS, KTM, INEOS, POLARIS, Husqvarna

Santander

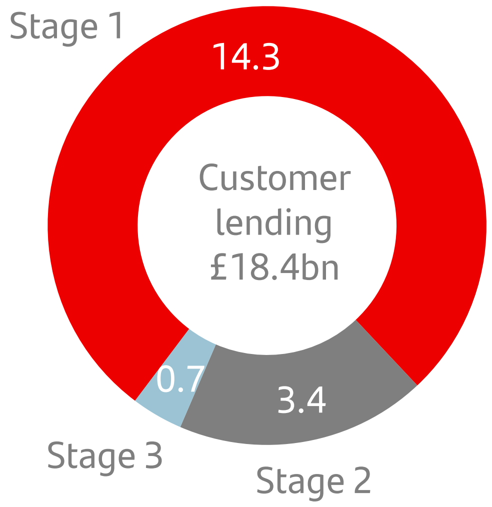
Corporate & Commercial Banking

- Focused strategy and decisive action on capital and costs since 2018
- Resilient portfolio and asset quality
- Focus on clients' international needs, supporting >1k businesses grow in a new market since 2019

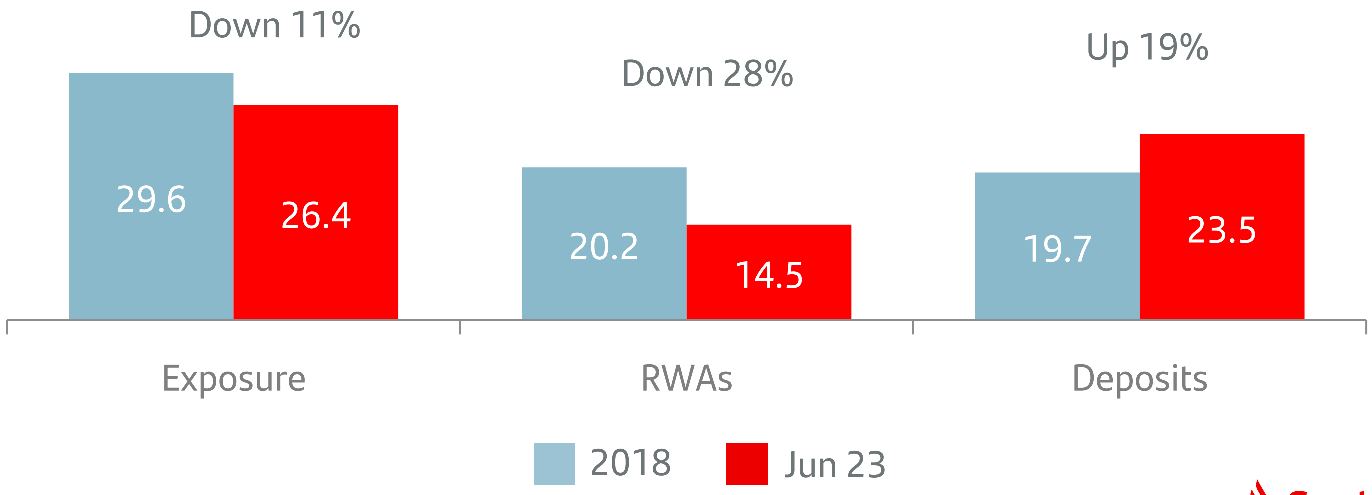
CCB customer lending by sector[1] (£bn)



Asset quality (£bn)



CCB track record of improved balance sheet utilisation (£bn)



1. Sector split of balances reflect the allocation of clients to relationship manager portfolios.

Abbreviations

ACS	Annual cyclical scenario
Adj.	Adjusted
AT1	Additional Tier 1
Ave.	Average
Banco Santander	Banco Santander SA
Banking NIM	Banking Net Interest Margin
BBLS	Bounce Back Loan Scheme
BoE	Bank of England
BTL	Buy-To-Let
CBR	Combined Buffer Requirement
CCB	Corporate & Commercial Banking
CET1	Common Equity Tier 1
CIB	Corporate & Investment Banking
CIR	Cost-To-Income Ratio
CoR	Cost of risk
CPI	Consumer Price Index
CRE	Commercial Real Estate
CRR	Capital Requirements Regulation
EBA	European Banking Authority
ECL	Expected Credit Losses
EDB	Everyday Banking
EL-P	Expected Loss Provisions
EPC	Energy Performance Certificate
ESG	Environmental, Social and Governance
FSCS	Financial Service Compensation Scheme
FCA	Financial Conduct Authority
FoR	Follow on Rate
GDP	Gross Domestic Product
HoldCo	Holding Company (Santander UK Group Holdings plc)
HPI	House Price Index

IFRS	International Financial Reporting Standard
JA	Judgemental Adjustments
LAB	Liquid Assets Buffer
LCR	Liquidity Coverage Ratio
LDR	Loan-to-Deposit Ratio
LTV	Loan-To-Value
MDA	Maximum Distributable Amount
MREL	Minimum Requirement for own funds and Eligible Liabilities
n.a.	Not applicable
NII	Net interest income
n.m.	Not meaningful
NPS	Net promoter score
NSFR	Net Stable Funding Ratio
PRA	Prudential Regulation Authority
QMS	Quarterly Management Statement
QoQ	Quarter-on-Quarter
RFB	Ring-Fenced Bank (Santander UK plc)
RFB DoLSub	Santander UK plc Domestic Liquidity Sub-group
RoTE	Return on Tangible Equity
RWA	Risk-Weighted Assets
Santander UK	Santander UK Group Holdings plc
SFS	Santander Financial Services plc
SLB	Santander London Branch
SME	Small and Medium-Sized Enterprise
SST	Solvency stress test
SVR	Standard Variable Rate
TFSME	Term Funding Scheme with additional incentives for SMEs
UK	United Kingdom
UPL	Unsecured Personal Loans
YoY	Year-on-Year

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Alternative Performance Measures (APMs)
In addition to the financial information prepared under IFRS, this presentation includes financial measures that constitute APMs, as defined in European Securities and Markets Authority (ESMA) guidelines. These measures are defined and reconciliations to the nearest IFRS measures are available in the appendix to the Santander UK Group Holdings plc Quarterly Management Statement for the six months ended 30 June 2023.

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Key dates

Q3 23: 25 Oct 2023

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